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Automotive News

June 3, 1985

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Chevy looks ahead

Jim Dunne

C-10 pickup for 1987

Chevrolet's C-10 full-sized pickup truck will have a new cab and an advanced braking system for 1987. The front end is more rounded; the hood slants downward, and the doors open a few inches into the roof. The C-10 will have a non-locking braking system for the rear wheels. In emergency stops, the rear wheels will continue to roll while the brakes are applied so the vehicle tracks in a predictable path.

But loss of investment credit would hurt industry

Tax plan may hike sales

By Edward Lapham
Marketing Editor

The Reagan Administration's "revolutionary" proposal to reform the U.S. tax code could well be just that for the U.S. auto industry, according to industry analysts.

Although there is a consensus that "it's too soon to tell" exactly what will come of the Congress-altered proposal, there are some likely ramifications:

1. The elimination of investment tax credits could curtail the domestic industry's five-year, $80 billion spending plans.

That would seriously undermine efforts to improve productivity and competitiveness with Japanese car makers.

2. The high-profit, big-ticket upper end of the car market could soften as high-end buyers, faced with restricted depreciation and interest-payment deductions, "shop down" to shift personal and business expenditures.

That would alter marketing game plans at General Motors, Ford Motor Co. and Chrysler Corp., as well as among European importers, all of which have aimed marketing campaigns squarely at the "yuppie" buyer most likely to be adversely effected by the new proposals.

3. At least in the short term, the additional pop in disposal income at the low end of the market could increase sales. Sustained growth in this under-$10,000-sticker-price segement could bring the car sales trendline back to a pre-1978 trajectory.

• However, this is the end of the market where U.S. producers have been least competitive. Combined with more imports of Japanese cars, the new investment disincentives and pass-through of tax-burden cost increases, this could mean a further erosion of domestic penetration.

"The current price structure has forced maybe one-third of the U.S. population out of the new-car market," said Arthur G. Davis, auto analyst for Prescott Ball & Turben.

"The proposal may allow many low-end buyers to come back into the market."

Davis said the poor fuel economy of the extant older models also provides a low-end purchase incentive.

"In addition, the average vehicle age is the highest, and the scrappage rate the lowest, in 20 years," he said.

"This all creates a backlog of demand and could add a million units over the 1986-1987 period, adding up to a 12-million-unit

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Tax change may reduce dealer costs

By Edward Lapham and Jake Kelderman
Automotive News Staff

The complete impact of President Reagan's new tax plan on auto dealers is still unclear, but "on average," it looks like new-car dealers will be able to reduce their tax bills.

"We don't know exactly what will be enacted, but it looks like dealers will benefit," said Larry Hahn, of Midwest regional CPA firm Plante & Moran.

Hahn, a tax department manager who specializes in dealership tax returns, said that it looks like "the larger the dealership, the less the benefits will be."

He said larger dealerships, with more complex operations like leasing companies, will not benefit from reduced surcharge rates.

Officially, NADA had no response to the proposed tax-code changes. The group is preparing sample income tax returns for different size dealerships in preparation for House Ways & Means Committee hearings.

"We're still analyzing the potential impact," a spokesman said.

However, according to some internal NADA sources, the graduated corporate tax rate sched-

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Search for designers raises immigration problems

Engineering has own 'boat people'

By Dan McCosh
Detroit Reporter

The fast-growing internationalization of Detroit's once-insular engineering community has reached the point that engineering recruiters are running afoul of U.S. immigration requirements, Automotive News has learned.

The situation has even created a small group of countryless, high-tech "boat people" anxious to work designing American cars, but unable to clear immigration hurdles.

In isolated cases, foreign auto designers and engineers recently have been sent home, denied U.S. work visas and denied extensions, according to various industry sources.

Negotiations over the work visas have made both recruiters and the immigration officials sensitive about discussing the topic, but Automotive News has learned that General Motors on one occasion approached Canadian immigration officials in an effort to station in that country some foreign engineers and designers who have been denied U.S. work permits.

The immigration snafus stem from a relatively unnoticed shortage of auto designers and engineers that has emerged during Detroit's latest sales boom. New-car development aiming at the late 1980s has created a severe shortage of trained engineers and designers in Detroit, in stark contrast to the wholesale layoffs of designers and engineers that took place in the late 1970s.

The shortage has created a boom for independent engineering companies, has stretched domestic auto makers' recruiting efforts and has prompted a flood of trained European designers coming to Michigan.

Some indication of the number of technical immigrants coming to Michigan, primarily from Britain, is revealed by figures from the Michigan Employment Security Commission, which said about 900 applications for immigrant work visas in auto-related technical fields have been granted or renewed in Michigan alone since 1981.

These are mainly additions to the pool of designers that create and finalize new-car designs, a field that currently employs 20,000-30,000 in the Detroit area.

Employers in the field, both do-

Please turn to Page 63, Col. 3

Renault chief Besse to head Car Division

By Jean-Jacques Renaux
Special Correspondent

PARIS.—Georges Besse, the "president-directeur general" of Renault, personally took the reins of the Car Division last week, removing Pierre Semerena in the process.

Semerena, who had been appointed to the job by former President Bernard Hanon last December, becomes a "directeur-general adjoint" at Renault. It is not yet clear what his duties will be.

The change occurred a few days after a general board meeting at Renault, in which nothing very new was revealed on the company's situation or about Besse's plans to turn it around.

As Renault's losses are still reportedly running at some 30 million francs a day ($3 million-plus), another, extraordinary, board meeting will be held June 17. At that meeting, Besse is expected to announce a plan to reduce the company's workforce.

According to the Financial Times, that plan calls for Renault to lay off 18,000 workers in the Car Division by the end of 1986—10,000 this year and 8,000 next year. Reuter's news service put the two-year number at 21,000, and unofficial reports in Europe have made the number as high as 23,000.

These will be voluntary retirements and incentive-prodded resignations in an attempt to repatriate foreign "guest workers."

Renault had 98,000 employes in the Car Division at the end of 1984.

The newspaper reported that

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breaking news

MVMA prepares to name president

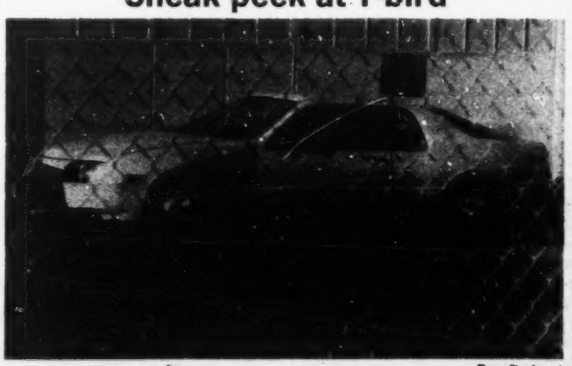
WASHINGTON.—On the agenda at the MVMA annual board meeting, to be held here Wednesday (June 5), is appointment of a successor to President V.J. Adduci, who retires June 30. It is believed Thomas H. Hanna will be named president and CEO. Hanna, 51, is senior vice president of MVMA, on loan to Traffic Safety Now, Inc., where he has been serving as president.

GM, Ford add truck incentives

DETROIT.—General Motors has extended 8.8 APR financing to Chevrolet C-10 and C-20 plus GMC C-1500 and C-2500 full-size pickup models. The program has a 48-month cap and runs June 1 to July 31. Ford has an "Aloha Hawaii" sales managers' travel contest which started May 15 and ends July 15. The program includes light- and medium-duty trucks through the 800 series, excluding B-series.

See BREAKING NEWS, Page 8, Col. 1

Sneak peek at T-bird



Barry Pankound

New design for '87

Thunderbird will have an all-new look for 1987 with a restyled front end and a larger, sloping rear window. Three models are expected—a base coupe, Sport Coupe and Turbo Coupe. The Turbo model will have a 3.8-liter V-6, four-wheel disk brakes and flush-mo

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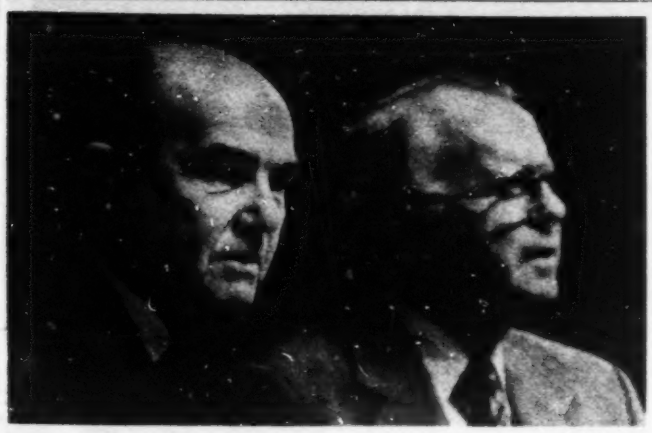


Joe Wilsens

Answers from the top

General Motors President F. James McDonald, left, and Chairman Roger B. Smith field questions from stockholders on everything from the Saturn project to a bid for Hughes Aircraft.

Chrysler negotiating to acquire Gulfstream

By Michelle Krebs
Financial Editor

Chrysler Corp. said last week that it is holding discussions to purchase Gulfstream Aerospace Corp., a manufacturer of corporate and military aircraft and military surveillance equipment.

Chrysler said it was granted a six-month option to purchase 6.7 million shares—about 20 percent of Gulfstream's outstanding shares—for $19 a share, or $127 million, from Allen E. Paulson.

Paulson is Gulfstream Aerospace's chairman, president and chief executive officer. He owns about 71 percent of the company's stock.

The two companies are continuing discussions, which have been going on for several months, for a complete buyout by Chrysler. The purchase would provide Gulfstream's public stockholders with $19 per share, Gulfstream Aerospace said. That would bring the total package to about $636 million.

Chrysler would create a new subsidiary and merge Gulfstream Aerospace into it.

Gulfstream Aerospace, based in Savannah, Ga., employs 3,500 people. Most work at its Georgia facilities though the company also has operations in Bethany, Okla.

Gulfstream Aerospace was part of Grumman Corp., a major aerospace corporation, until 1978 when it became a separate company in a leveraged buyout. The company went public in 1983.

For 1984, Gulfstream Aerospace reported a profit of $34 million, which included a $26 million write-down for its discontinued Aero-Commander aircraft. Sales amounted to $600 million.

A Chrysler spokesman said the auto maker believes Gulfstream Aerospace's expertise in aerodynamics, avionics and electronics will be applicable in Chrysler's automotive operations. Additionally, it will be an asset as a profitable company on its own, he said.

A merger with Gulfstream Aerospace also fits into Chrysler's strategy to become more high-tech oriented. Chrysler Chairman Lee Iacocca told shareholders at the company's recent annual meeting tha Chrysler was poised for acquisitions and affiliations to gain

Please turn to Page 67, Col. 4

Our only salvation, Smith tells stockholders

High-tech century ahead for GM

By Michelle Krebs
Financial Editor

The General Motors of the 21st Century will not be a conglomerate of unrelated pieces but will be a company of pieces linked by the latest technology, GM Chairman Roger B. Smith told shareholders at the company's 77th annual stockholders meeting in Detroit.

Calling technology "our only salvation," Smith said GM plans to continue acquiring and making investments in companies to gain technology for its future needs.

"The General Motors we're building is roughly comparable to the structure of an atom, in which individual parts are very important—but they're held together by a very strong affinity, and it takes all of them to make up the united whole," he said.

Smith said GM will expand to non-traditional, but still-related, markets when its strengths lead in that direction. Yet, he added, GM will make an acquisition or enter a new field only if GM can contribute technical knowledge or expertise.

"There must be a natural synergy between GM and its acquisitions. Being a conglomerate of unrelated businesses has no special attraction for us—it's not part of our strategy," he told shareholders during the five-hour meeting.

"And once we do acquire a new company, we're going to make sure that it retains the independence, freedom and entrepreneurial vitality that attracted us in the first place," he added.

"After all, we're not just adding look-alike boxes to an organization chart. We're creating integral pieces of a 21st Century company."

Despite repeated inquiries from shareholders and the press, Smith would not confirm if one of those integral pieces would be the privately held Hughes Aircraft Co., which recently went on the auction block.

Smith said potential buyers who obtained the bidding package are not allowed to discuss Hughes until six months after completion of the acquisition, whether they bid or not.

GM is believed to have bid a package of cash and securities amounting to as much as $5 billion. It further is believed that GM may create a special class of stock for the Hughes purchase, as it did with the recent purchase of Electronic Data Systems, Inc.

Nevertheless, Smith reiterated that Hughes Aircraft is attractive because of its position in the forefront of defense electronics.

"Their technology is way out on the leading edge, and I personally believe a lot of the value added to cars in the next 10 years will be in electronics," Smith said.

GM may well make further acquisitions in the financial services field if an opportunity arises that would allow GM's financial subsidiary, General Motors Acceptance Corp., to use its technology and expertise while producing a profit, Smith said.

GM recently purchased the Colonial Group, a group of Philadelphia-area mortgage companies, and the rights to service the mortgage portfolio of Norwest, Inc., of Minneapolis. Those acquisitions make GMAC the nation's second largest mortgage services business.

Despite speculation to the contrary, Smith said GM does not plan to open a hospital but plans to continue aggressive marketing of EDS' health-care services.

He also said that while GM hopes to increase substantially its defense and government business, it would not make an acquisition based solely on a company's military business. Rather, an acquisition candidate would have to have high-technology applications.

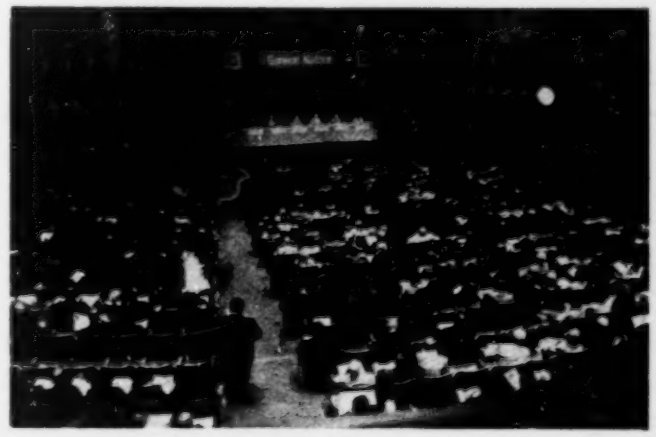
Smith said GM is agressively bidding on government contracts including a nine-year contract with the U.S. Postal Service to

Please turn to Page 66, Col. 3

Save on Yugo, splurge on audio

NEW YORK.—At $3,990, the Yugo GV front-wheel-drive, four-passenger hatchback will be the lowest-priced car in the U.S. when it goes on sale late this summer. Nevertheless, a show model has been outfitted with a $2,000 hi-fi system.

The Yugo is being displayed to the public for the first time at the Consumer Electronics Show in progress at Chicago's McCormick Place from June 2 through June 5.



Joe Wilsens

Stockholders scarce after profitable year

The auditorium at the Fisher Building, across the street from General Motors headquarters, was far from filled during the nearly five-hour annual meeting.

Japanese let quotas fade away in Canada

By Richard Johnson
Detroit Reporter

Japanese auto makers will not limit their 1985 exports to Canada to 1984 voluntary quota levels, but Japan's Ministry of International Trade and Industry (MITI) has vowed not to permit a flood of cars into the country.

Voluntary restraints expired March 31 and since then Canadian officials have sought a long-term agreement tying import levels to more investment in Canada by Japanese manufacturers. So far, no agreement has been reached, and MITI has rejected a continuation of 1984 terms.

Meanwhile, the Canadian Government has promised to keep a close on eye on Japanese shipments and continue to work toward a lasting agreement.

"What we've told the Japanese is that we do not want the Canadian auto industry and import market disrupted," said Denis Comeau, of the Department of International Trade in Canada's Ministry of External Affairs.

The voluntary limit restricted Japanese companies to 170,400 cars for the year ended March 31, or no more than 18 percent of the passenger-car market. A ceiling on the Japanese share of the Canadian market was established in 1981. Japanese auto makers had previously taken as much as 22 percent of auto sales in Canada.

MITI has reportedly affirmed that there will be no torrent of cars unleashed on the Canadian market. Representatives of Japanese dealers in Canada have predicted that imports will rise to 200,000 to 210,000.

"We are monitoring very closely," said Comeau. "Should the situation get out of hand—and I can't put a figure on what level that would be—the ministers would take appropriate measures."

He said the government has a variety of options if Japanese imports climb to unacceptable levels, including imposition of a quota.

Besides spurning a new round of voluntary quotas, MITI has said it will leave foreign investment decisions to Japanese auto manufacturers. Canadian officials have complained that while Japanese companies have invested an estimated $5 billion in the U.S., investment north of the border has been in the range of only $100 million to $125 million.

Honda Canada, which will construct a $100-million car plant in Alliston, Ont., near Toronto, is the lone Japanese company with plans to build assembly operations in Canada.

Despite the setback, Comeau said representatives of the two governments will continue talks, but no timetable for reaching a settlement has been established.

"Our objective is to try to arrive at a long-term agreement," he said. "We'd like to see the Japanese increase their investments. The hope and intention of our ministers is to get a settlement, but no time frame has been set."

Car-type belt rules sought for HD units

WASHINGTON.—NHTSA has proposed a rule that would toughen safety-belt standards in heavy-duty vehicles. The proposal would require belts similar to those now found in autos.

The new rule would apply to trucks, buses, and multipurpose vehicles with GVWs of more than 10,000 pounds.

It would standardize the push-button buckle release for all vehicles. It also would require an emergency locking retractor.

NHTSA said the changes would make safety belts in heavy-duty vehicles easier to use, thereby promoting greater use.

The proposed rule also is intended to help drivers comply with the Bureau of Motor Carrier Safety requirement that safety belts be used in trucks and buses engaged in interstate commerce and with mandatory belt-use laws in some states.

NHTSA said the experience of the United Parcel Service leads the agency to believe the changes could raise belt usage among drivers of heavy trucks from the current 6 percent to 15 to 20 percent.

That could eliminate 40 to 60 fatalities annually and reduce injury severity in as many as 12,000 accidents each year, NHTSA said.

NHTSA estimated the r[illegible] quirements would add $[illegible] to $7 million to th[illegible] heavy-duty vehicle f[illegible] year.

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60th year—No. 5077

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Viewing experimental 4WD Dodge Daytona

Prospective mechanics representing Atascadero and Vista High Schools in the Califc nia finals of the Plymouth/AAA Trouble Shoot contest get a peek at an experimental four-wheel-drive Dodge Daytona while touring the Chrysler Shelby Performance Center, Santa Fe Springs, Calif. Scott Harvey, manager of the center, points to the torque splitter developed to transfer power from the transverse-mounted engine to the rear wheels. With Harvey are, from left, Scott Curran, Jeff Cossey, Erik Groscup and Alan Mortenson.

California-only Camaro downplays IROC heritage

By Matt DeLorenzo
Los Angeles Reporter

LOS ANGELES.—California marketers a decade ago put stripes on cars and called them "California packages."

What goes around comes around because Chevrolet has announced that it is introducing a California-only version of the Camaro IROC-Z that leaves off the stripes, decals and louvers. That analogy is not lost on Edd Roggenkamp III, Chevrolet's California marketing manager, who chuckled and said, "That's been pointed out by several people. But, that's the perception of what will sell here and I live here.

"We've noticed that high-performance buffs in California don't always like to advertise the fact they're driving a high-performance car, so this version of the IROC-Z has a more subtle paint treatment, no fake louvers on the hood and no decals. It's very clean looking."

About 500 of the IROC-Zs will be sold and the price will remain at the same level, starting around $13,500.

A companion California-only model based on the Cavalier also has been introduced. Equipped with a port-injected 2.8-liter V-6, the four-door sedan receives a blacked-out grille and window moldings, similar to the Euro-Sport Celebrity, and a heavy-duty suspension with 14-inch aluminum alloy wheels. The car will also have an uplevel interior, AM/FM stereo, air conditioning and sunroof. The price will be in the $11,000 to $12,000 range. Roggenkamp said about 1,000 of the Cavalier California packages will be built.

The 2.8-liter V-6 was originally slated as an option on the Cavalier line in 1985, however, the division used the power plant in the Cavalier convertible only. Roggenkamp said it's possible that the California Cavalier could be rolled out next year nationally.

The two new models made their debut at the Los Angeles Auto Expo and the Orange County Auto Show. Roggenkamp said the IROC-Z will primarily be advertised through billboards and regional magazine ads, while the Cavalier will utilize print, television and some radio.

Ryan elected to head North Dakota dealers

BISMARK, N.D.—James M. Ryan of Jim Ryan Chevrolet, Inc., Minot was elected president of the Automobile Dealers Assn. of North Dakota.

James M. Ryan

Ryan has been on the board of directors since 1977 and served as vice president during the past year. Prior to becoming a Chevrolet dealer, he worked for Chevrolet from 1937 to 1957.

New vice president of the association is Cedric Theel, Cedric Theel, Inc., Bismarck.

Ford discourages U.S. buyers of Canadian cars

TORONTO.—Ford Motor Co. of Canada, Ltd., is changing the emission stickers on its cars to try to prevent Americans from taking advantage of the cheaper Canadian dollar to buy cars in Canada, the Montreal Gazette reported.

Stickers on Ford of Canada cars will no longer indicate whether they meet U.S. Department of Transportation and EPA safety and pollution standards, the report said.

Before taking Canadian cars across the border, U.S. buyers will have to take them to environmental test centers and go through a long and expensive certification process. Previously, buyers simply showed U.S. Customs officers the sticker indicating the vehicle's compliance with U.S. standards, the Gazette said.

Bert Serre, Ford of Canada vice president of public affairs, said purchases of Canadian cars by Americans upset the allocation plan that Ford has worked out for its North American plants, according to the report.

Market share also shows an increase

Import registrations gain for month

By Jenny L. King
Detroit Reporter

Registrations of new imported cars in the U.S. in March were up more than 20,000 units from the same month a year earlier and increased their share of the total market by 0.12 percentage points.

New import registrations totaled 221,699 for the month, up 11.52 percent from 198,802 a year earlier. They represented 23.92 percent of the overall market, up from 23.80 percent in 1984.

For the second consecutive month, Honda claimed the top spot, beating out Nissan by 2,500 cars. Toyota sat back in third place, the same position it held in March, 1984.

According to figures compiled by R.L. Polk & Co., which counts U.S.-built Hondas, Nissans and Volkswagens as imports, 43,628 new Hondas were registered in March, accounting for 19.68 percent of the import total. Twelve months earlier, 40,493 Hondas joined the ranks for 20.37 percent of the total.

Nissan, retaining the No. 2 spot it held a year earlier, increased its numbers but dropped slightly in market share. This year, 40,960 Nissan passenger cars were registered, up from 37,970 in 1984. The Nissan share slipped 0.62 percentage points, however, to 18.48 percent from 19.10 percent.

Third-place Toyota was up 5,000 in numbers year to year and gained 0.46 percentage points. Other market-share gainers included Mazda, up 0.77 percentage points, and BMW, up 0.43 percentage points.

VW was down 0.24 percentage points; Subaru was down 0.54 percentage points; Volvo dropped 1.15 percentage points; Mercedes-Benz was down 0.13 percentage points, and Audi slipped 0.33 percentage points.

The top 10 imports accounted for 87.81 percent of the March, 1985, market, down from 89.85 percent in 1984.

First-quarter import registrations of 627,137 were up 6.63 percent from 588,130 in 1984. Their share of the total U.S. market climbed to 25.20 percent from 24.87 percent a year earlier.

Ten imported-car makes claimed 88.21 percent of the import segment this year compared with 89.36 percent in the first quarter of 1984.

Honda also topped the first-quarter import-registration roster, edging past second-place Toyota and third-place Nissan. The gap between the top three and the succeeding makes was dramatic: Nissan finished the three months with registrations of 114,408, followed by Mazda in fourth place with 40,708 and VW in fifth place with 38,893.

For the quarter, Honda was up 0.41 percentage points; Mazda was up 0.16 percentage points, and BMW gained 0.40 percentage points over its year-ago share.

Toyota slipped 0.43 percentage points; Nissan was down 0.24 percentage points; VW dropped 0.48 percentage points; Subaru slipped 0.49 percentage points; Volvo was down 0.35 percentage points; Mercedes was off 0.10 percentage points, and Audi was down 0.03 percentage points.

Japan as a country of manufacture climbed to 70.00 percent from 69.38 percent in March, 1984. West Germany slipped to 13.87 percent from 13.96 percent and the U.S. was up to 8.83 percent from 7.96 percent. Numbers of cars registered from each exporting country included:

	March, 1985	March, 1984
Japan	155,196	137,921
West Germany	30,739	27,755
United States	19,568	15,822
Sweden	11,591	12,696
France	2,417	2,678
Great Britain	1,613	1,379
Italy	575	518
Ireland	0	33
TOTAL	221,699	198,802

First-quarter Japanese penetration dipped to 71.13 percent from 71.56 percent last year. Cars from West Germany represented 13.57 percent this year versus 13.18 percent in 1984, while U.S. "imports" climbed to 8.10 percent from 7.51 percent. The first-quarter breakout by country of origin follows:

	3 Mos., 1985	3 Mos., 1984
Japan	446,108	420,872
West Germany	85,123	77,490
United States	50,779	44,210
Sweden	32,711	32,342
France	6,416	7,802
Great Britain	4,495	4,210
Italy	1,505	1,109
Ireland	0	95
TOTAL	627,137	588,130

Imported pickup truck registrations were up 38.10 percent March to March, according to the Polk registration figures. This year, they totaled 79,189 compared with 57,332 in 1984 and included these totals by maker:

	March, 1985	March, 1984
Toyota	29,436	19,576
Nissan	22,864	19,075
Mazda	9,063	9,727
Dodge Ram 50	6,441	2,994
Others	11,374	5,960
TOTAL	79,178	57,332

Import-truck registrations exploded 37.56 percent in the first quarter, to 224,538 from 163,230 a year ago. The breakout follows:

	3 Mos., 1985	3 Mos., 1984
Toyota	82,907	59,814
Nissan	67,109	48,275
Mazda	26,011	27,894
Dodge Ram 50	17,678	9,070
Others	30,833	18,177
TOTAL	224,538	163,230

Rover cars to be built in India under license

COVENTRY, England.—Austin Rover Chairman Harold Musgrove attended a ceremony in Madras, India, to launch production there of Rover SD1 models.

Standard Motor Products of India will produce, under licence, 12,000 two-liter gasoline-engined versions of the Rover for sale in India. About 2,000 units are expected to be built in India during the first year of production.

TOP CARS

U.S. registrations for Three Months, 1985 vs. 1984 Oklahoma and New York from manufacturers' sales records.

1985 Position		Make	1984 Position
1—	356,662	Chevrolet	368,832 — 1
2—	337,224	Ford	300,896 — 2
3—	239,676	Oldsmobile	262,516 — 3
4—	200,945	Buick	204,360 — 4
5—	165,383	Pontiac	157,660 — 5
6—	126,606	Mercury	148,044 — 6
7—	124,487	Honda	114,324 — 8
8—	119,471	Toyota	114,566 — 7
9—	114,408	Nissan	108,679 — 9
10—	114,375	Dodge	81,548 —10
11—	94,854	Plymouth	67,300 —13
12—	81,425	Chrysler	68,474 —12
13—	66,923	Cadillac	70,077 —11
14—	41,769	Lincoln	29,69\ —18
15—	40,407	Mazda	37,238 —16
16—	38,893	VW	39,298 —15
17—	35,583	AMC	46,972 —14
18—	234,746	Subaru	35,433 —17
19—	23,931	Volvo	24,508 —19
20—	20 908	Mercedes	20,198 —20
21—	19,300	BMW	15,786 —21
22—	16,371	Audi	15,521 —22
	73,914	Other Imports	62,579
	55	Misc. Dom.	60
	2,488,617	TOTAL	2,364,869

Automotive News: analysis of new-car registrations based on R. L. Polk & Co. statistical report.
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MARKET SHARES

3 MONTHS
1985 VS. 1984

Make	1985 Market Share	1984 Market Share	Pct. Pt. Change '85 vs. '84
Chevrolet	14.33	15.60	−1.27
Ford	13.55	12.72	+0.83
Oldsmobile	9.63	11.10	−1.47
Buick	8.07	8.64	−0.57
Pontiac	6.65	6.67	−0.02
Mercury	5.09	5.00	+0.09
Honda	5.00	4.83	+0.17
Toyota	4.80	4.84	−0.04
Nissan	4.60	4.60	−0.00
Dodge	4.60	3.45	+1.15
Plymouth	3.81	2.85	+0.96
Chrysler	3.27	2.89	+0.38
Cadillac	2.69	2.96	−0.27
Lincoln	1.68	1.26	+0.42
Mazda	1.63	1.57	+0.06
VW	1.56	1.66	−0.10
AMC	1.43	1.99	−0.56
Subaru	1.40	1.50	−0.10
Volvo	0.96	1.04	−0.08
Mercedes	0.84	0.85	−0.01
BMW	0.78	0.67	+0.11
Audi	0.66	0.66	−0.00
Other Imports	2.97	2.65	+0.32
Misc. Dom.	0.00	0.00	−0.00
TOTAL	2,488,617	2,364,869	

Based on new-car registrations from R. L. Polk & Co. Oklahoma and New York numbers from manufacturers' sales records.

IMPORT REGISTRATION SHARES IN U.S.

	MARCH					THREE MONTHS				
	Regis., Mar., 1985	Percent Share of Market	Regis., Mar., 1984	Percent Shareof Market	Pct. Pt. Change '85 vs. '84	Regis., 3 mos., 1985	Percent Share of Market	Regis., 3 mos., 1984	Percent Share of Market	Pct. Pt. Change '85 vs. '84
Honda	43,628	19.68	40,493	20.37	−0.69	124,487	19.85	114,324	19.44	+0.41
Nissan	40,960	18.48	37,970	19.10	−0.62	119,471	19.05	114,566	19.48	−0.43
Toyota	40,164	18.12	35,118	17.66	+0.46	114,408	18.24	108,679	18.48	−0.24
Mazda	15,538	7.01	12,402	6.24	+0.77	40,708	6.49	37,238	6.33	+0.16
VW	14,482	6.53	13,456	6.77	−0.24	38,893	6.20	39,298	6.68	−0.48
Subaru	11,173	5.04	11,093	5.58	−0.54	34,746	5.54	35,433	6.03	−0.49
Volvo	8,365	3.77	9,732	4.92	−1.15	23,931	3.82	24,508	4.17	−0.35
Mercedes	7,442	3.36	6,932	3.49	−0.13	20,908	3.33	20,198	3.43	−0.10
BMW	7,127	3.21	5,534	2.78	+0.43	19,300	3.08	15,786	2.68	+0.40
Audi	5,787	2.61	5,840	2.94	−0.33	16,371	2.61	15,521	2.64	−0.03
Others	27,033	12.19	20,182	10.15	+2.04	73,914	11.79	62,579	10.64	+1.15
TOTAL	221,699		198,802			627,137		588,130		
Share of U.S. Total		23.92		23.80	+0.12		25.20		24.87	+0.33

1984 numbers for New York State and Oklahoma from manufacturers' sales records.

Personal-use flat rate gains popularity

Survey shows more company fleets prefer it to straight mile rate

Nearly eight out of 10 U.S. fleets reimburse their employes 20 or 20.5 cents a mile for business use of personally owned cars, according to the National Association of Fleet Administrators (NAFA) 1984 personal use survey.

The survey also reveals that one out of three U.S. fleets now charges more than 15 cents a mile for personal use of the company car compared to 10 cents or more in 1983.

A number of fleets indicate they are increasing their personal use chargeback in 1985 "to meet the new tax law fair market value."

According to NAFA, for the first time ever, more companies are using a flat rate for personal use chargebacks rather than a straight mile rate. In addition, more fleets than ever before are now adding the personal use charge to the employe's income tax form as additional income.

A total of 407 U.S. commercial fleets operating 264,905 passenger cars participated in NAFA's survey which is broken down into seven groups — Drug & Cosmetics, Chemical & Petroleum, Food & Beverage, Insurance, Manufacturing-Consumer, Manufacturing-Industrial, and Miscellaneous.

There are also separate categories for Public Utility, Government and Canadian fleets.

Drug & Cosmetics Group

The Drug and Cosmetics Group consists of 42 fleets operating 32,292 passenger cars (2,573 company-owned, 29,719 leased). These fleets estimate that personal use is 14 percent of the total mileage driven every year.

Every fleet in the group permits personal use of the company-provided car after working hours and on weekends and holidays. One fleet does not permit the car to be used for vacation travel. No fleet places a limitation on the number of personal miles that can be driven.

Only one fleet does not charge for personal use; 41 do have a chargeback system. Fourteen fleets have a straight mileage charge; 19 use a flat weekly or monthly charge, while nine fleets use a combination of methods for determining the chargeback.

Among the fleets with a straight mileage charge, three each set the rate at nine and 12 cents a mile. One fleet each charges for gas only, 7.5 cents, 8, 10, 13, 14, 15, and 20.5 cents a mile.

Among the fleets with a flat personal use charge, there are these rates: $25 a month, four fleets; $35 and $50 a month, two fleets. Other monthly charges (by one fleet each) are: $18 to $22, $15, $20, $32.50, $31 and $45. Weekly charges include $5, $7, $15 and $20.

Fleets with a combination flat rate and mileage have these rates (all in one fleet each): $15 a month and six cents a mile after the first 250 miles; six cents a mile and $18 a month; $30 a month and nine cents a mile; $15 a month and seven cents a mile; seven cents a mile and $18 a month; $30 a month plus 10 cents a mile over 300 miles a month; $15 a month and seven cents a mile; $40 or $50 a month plus seven, eight or nine cents a mile depending on car driven. In one fleet the charge is $6.30 a week plus six cents a mile.

In reimbursing an employe for use of a personal car for business (when there is no assigned fleet car), 20 fleets pay 20 cents a mile. Two fleets each charge 18.5 and 20.5 cents a mile. One fleet each pays 15, 17, 24 and 25 cents a mile. One fleet pays $250 a month plus actual gas costs, while another reimburses the driver a flat rate of $310 a month.

When an assigned fleet car is not in operation and use of a personal car is required, 24 fleets pay the employe 20 cents a mile. Five fleets pay 20.5 cents a mile; three pay 18.5 and one fleet each pays 24 and 25 cents a mile.

Chemical & Petroleum Group

The Chemical and Petroleum Group consists of 33 fleets operating 28,313 passenger cars (17,233 company-owned, 11,080 leased). Personal use among the fleets in this group amounts to 17 percent of total mileage driven.

Two fleets in the group do not permit any personal use of the company car; the other 31 fleets permit such use after working hours.

Thirty fleets permit the car to be driven on weekends and holidays, while 24 permit it to be driven on vacations. Two fleets that permit personal use place specific limitations on such use. One fleet says the limit is 1,000 miles a year, while the other is more general and says the limit is "reasonable use."

Twenty-seven of the 31 fleets permitting personal use charge for it; four do not. Twelve fleets have a staight personal mileage charge; 12 have a flat weekly or monthly charge, while three use a combination method.

Three fleets charge 10 cents a mile for personal use; two charge 13 cents. Other mileage charges (in one fleet each) are: 7.5 cents a mile, nine, 12, 15½, 16, 17, and 20.5. Among the fleets with a flat rate, three each charge $30 and $50 a month; two charge $35 a month, while one charges $100 a month. One fleet charges $77 a month for use of an eight-cylinder car and 10 cents a mile for a six-cylinder car.

The fleets with a combination chargeback set it at 12.5 cents a mile and $50 a month; 10 cents a mile plus $35 a month; and $25 a month minimum or eight cents a mile.

Twelve fleets collect the personal use chargeback through an expense report deduction. Eight fleets use salary deduction. Five fleets add the personal use charge to the employe's annual income.

In one fleet the flat monthly rate is deducted from the salary; the mileage charge is paid by personal check. In another fleet, the flat rate is a salary deduction; the mileage charge is deducted from the expense report.

In three fleets only the employe is permitted to drive the company car; in the other 28 that permit personal use both the employe and spouse can use it. Twelve fleets permit licensed children to drive, and one fleet extends the driving privilege to "others" provided the employe is in the car.

Five fleets have a minimum age requirement. In three of them it is 25; in the other two it is 18 and 21.

Nine fleets require the employe to pay for repair costs resulting from an accident during personal use. In two fleets it is the full amount of the repairs. In three fleets it is a dollar amount of either $50 or $100, while four fleets assess the "insurance deductible" — $100 or $250.

Nine fleets charge the employe with an accident if another person was driving the car when the accident occurs.

In determining reimbursement for business use of a personal car (when the employe does not have a company car), 26 fleets use a straight mileage rate. In 13 fleets it is 20 cents a mile; in 10 the rate is 20.5 cents a mile. One fleet each pays 11 cents plus gas, 17 cents, and 22.5 cents a mile.

Three fleets use a sliding scale to reimburse employes for use of a pesonal car. In one fleet it is 20 cents a mile for the first 1,250 miles a month, then 11 cents a mile; in another it is 20.5 cents for the first 15,000 miles a year, 11 cents a mile thereafter; another pays 20 cents a mile for the first 900 miles a month and 11 cents for additional mileage. One fleet uses a combination method of $150 a month plus 20 cents a mile.

When an assigned fleet car is not in operation and a pesonal car is used for business, every fleet in the group reimburses the employe on a straight mileage basis. In 14 fleets the rate is 20 cents a mile; in 10 fleets it is 20.5 cents. One fleet each pays 10 cents plus gas; 11 cents plus gas; 17 cents, and 22.5 cents a mile.

Food & Beverage Group

The Food and Beverage Group consists of 38 fleets operating 21,811 passenger cars (10,999 company-owned, 10,812 leased. Every fleet in the group pemits personal use of the company car; only one does not permit it to be driven on vacations. Personal use in this group amounts to 18 percent of the total annual mileage, according to those fleets reporting this statistic.

Five fleets in the Food and Beverage Group place a limit on personal mileage. In two fleets it is 100 miles a week; in two others the limit is 5,000 miles a year. The fifth fleet did not specify its limitation.

Thirty-four of the 38 fleets in the group charge for personal use of the company-provided vehicle; four do not. Of those that charge, nine have a straight mileage charge; 18 have a fixed weekly or monthly charge, while seven use a combination of both.

Among the fleets with a mileage charge, three set it at 10 cents a mile; one each 20 cents a mile, 20.5 cents a mile, 23 cents a mile. One fleet charges 10 cents a mile after 50 "free" miles a month; another charges 14 cents a mile for trips over 100 miles. One fleet in the group offers an option: seven or nine cents a mile or .5 or .75 percent of the capitalized cost monthly. One fleet reported it charged a "fair market," but did not elaborate on what it was.

Among the fleets with a flat rate, two fleets each charge $50 and $46 a month. Other flat charges mentioned (by one fleet each) were: $25, $60 or $80 a month depending on type of car, $20 or $40 a month; $40 or $60 a month; $50 or $100 a month; $40 a month; $100 a month; 28 a month; $35 a month; $6 a week; $22 a week; $350 a year; and $500 a year.

Those fleets using a combination charge for personal use have these rates (in one fleet each): 10 cents a mile and $7 a week; 10 cents a mile and $5.25 a week; 16

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PERSONAL USE SURVEY SUMMARY

	Insurance (59)		Food & Beverage (38)		Drug & Cosmetics (42)		Mfg. Industrial (63)		Mfg. Consumer (40)		Chemical & Petroleum (33)		Others (32)		U.S. Comm (307)		Public Utility (21)		Government (32)		Canada (47)	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Personal Use Permitted	58	1	38	—	42	—	62	1	40	—	31	2	30	2	301	6	10	11	11	21	45	2
After Work	57	1	38	—	42	—	62	—	40	—	31	—	30	—	300	1	9	1	10	1	45	—
Weekends	56	2	38	—	42	—	62	—	40	—	30	1	28	2	296	5	9	1	6	5	45	—
Vacations	54	4	37	1	41	1	60	2	40	—	24	7	27	3	283	18	5	5	1	10	44	1
Limits on Personal Use	10	48	5	33	—	42	7	55	4	36	2	29	3	27	31	270	3	7	4	7	7	38
Charge For Personal Use	56	2	34	4	41	1	56	6	32	8	27	4	25	5	271	30	10	—	5	6	32	13
Mileage Charge	20	—	9	—	14	—	20	—	10	—	12	—	9	—	94	—	3	—	5	—	6	—
Flat Rate	21	—	18	—	19	—	26	—	18	—	12	—	6	—	120	—	5	—	—	—	19	—
Both or Other	13	—	7	—	8	—	8	—	1	—	2	—	10	—	49	—	2	—	—	—	7	—
Charge Collected By:																						
Expense Report	28	—	9	—	22	—	27	—	15	—	12	—	11	—	124	—	1	—	—	—	9	—
Salary Deduction	17	—	19	—	12	—	21	—	12	—	8	—	8	—	97	—	6	—	1	—	17	—
Both or Other	11	—	6	—	7	—	6	—	5	—	6	—	6	—	47	—	3	—	4	—	6	—
Use Permitted by:																						
Employee Only	4	—	2	—	—	—	2	—	4	—	3	—	5	—	20	—	6	—	11	—	—	—
Employee & Spouse	54	—	36	—	42	—	60	—	36	—	26	—	25	—	279	—	4	—	—	—	45	—
Employee & Children	24	—	20	—	29	—	30	—	19	—	12	—	14	—	148	—	3	—	—	—	32	—
Employee & Others	6	—	4	—	7	—	4	—	4	—	1	—	2	—	28	—	—	—	—	—	4	—
Age Limits Set	11	46	15	23	14	28	32	30	19	21	5	24	12	18	108	190	2	8	—	11	20	24
Repair Costs Paid For																						
By Employee	22	36	16	22	17	25	28	32	13	27	9	20	12	18	117	180	1	9	—	11	23	22
Full Amount	1	—	1	—	1	—	1	—	—	—	2	—	—	—	6	—	—	—	—	—	—	—
Fixed Share	—	—	—	—	2	—	—	—	—	—	—	—	—	—	2	—	—	—	—	—	1	—
Dollar Amount	11	—	6	—	6	—	12	—	4	—	3	—	4	—	46	—	—	—	—	—	6	—
Insurance Deductible	10	—	9	—	7	—	14	—	9	—	4	—	8	—	61	—	1	—	—	—	16	—
Accident Charged	30	27	23	15	21	21	33	26	18	22	9	20	13	17	147	150	5	5	2	9	18	27
Increased Charge in 1984	16	36	10	23	7	35	14	39	4	24	2	22	2	23	55	202	—	9	—	5	4	28

Personal

Continued from Page E-6

cents a mile plus $10 every four weeks; nine cents a mile for "extended use" and $50 a month; $50 a month and 10 cents a mile after 100 miles in a month; and 10 cents a mile plus $20 a month.

Nine fleets in the Food and Beverage Group collect the personal use chargeback by means of an expense report deduction; 19 collect it by means of a salary deduction. Other methods of payment cited by the companies in the group include "driver pays $150 every three months;" three fleets add the charge to the employe's annual income as reported on the W-2 form; one fleet said, "Employes pay mileage as incurred," while another reported, "We collect 10 cents a mile from the expense report and than add 10 cents a mile additonal income to the employe's W-2."

Ten fleets in the group reported they had increased their personal use charge during 1984 and several others indicated they would raise the rates again in 1985 "as a result of the new tax law."

In two fleets, only the employe is permitted to drive the company-provided car. In the others, the employe and spouse are given personal driving privileges. Twenty fleets permit "licensed" children to use the company car, and four fleets extend the driving privilege to "others" living in the same household.

Fifteen fleets have a minimum age for driving privileges. In one fleet each it is 17, 20 and 25. In six fleets the minimum age is 18, while in five others it is 21.

Sixteen fleets in the Food and Beverage Group assess the employe for repair costs resulting from accidents incurred during personal use. One fleet charges the full amount of the repairs; six have a dollar amount ranging from a low of $50 to a high of $500. One fleet said it charges "20 percent of the repair cost or $250, whichever is higher."

Nine fleets charge the driver the "insurance deductible" for repairs required after an accident during personal use. This ranges from a low of $100 (four fleets) to a high $500. One fleet says it only makes the charge for a second accident.

Twenty-three of the 38 fleets in the group say they charge the employe with an accident if another person was driving the car when the accident occurred. Several of these fleets say such a charge is levied only when an "unauthorized" person was driving the cars.

In discussing the policies dealing with the business use of pesonal cars, there are two aspects: (1) When the employe does not have an assigned fleet car, and (2) When the company car is not in service.

When the employe does not nave a company car, the majority of fleets reimburse him for business use of a personal car by a straight mile rate. In 12 fleets it is 20 cents a mile; in nine fleets the rate is 20½ cents a mile. Two fleets each pay 15 and 21 cents a mile. Three fleets pay a flat rate plus mileage. The combinations are $300 a month and five cents a mile; $260 a month plus nine cents a mile, and $155 a month and 12 cents a mile. One fleet pays a flat $380 a month, while another pays 20 cents a mile for the first 12,000 miles, 18 cents mile for additional mileage.

In those cases where a company-assigned car is not in operation and the employe drives his personal car, all but one fleet in the group reimburses him on a mileage basis. The exception is one fleet that pays $7 a day. Sixteen fleets pay 20.5 cents a mile. Two fleets reimburse the employe 23 cents a mile, while one fleet each pays 15, 18.5, 21 and 22 cents a mile.

Insurance Group

The Insurance Group consists of 59 fleets operating 36,800 passenger cars (19,783 company-owned, 17,017 leased). Fleets in the group report that personal use accounts for 20 percent of the total mileage their cars are driven.

Fifty-eight of the 59 fleets in the Insurance Group permit personal use of the company-provided car. One fleet limits the use to "commuting," two fleets ban its use on weekends and holidays, and four fleets do not permit the company car to be driven on vacations.

Ten fleets in the group place some limitations on the amount of personal use permitted. Some of the specific limitations mentioned include "cannot exceed 49 percent of the total mileage;" "6,500 miles a year," "10 percent of business mileage;" "reasonable (in our judgment);" "commuting miles only;" "1,000 a month;" "1,000 miles when on vacation" and "50-mile radius of their home."

Two fleets in the group do not charge for personal use; the other 56 that permit pesonal use do have a chargeback system. Twenty fleets use a straight mileage charge. Three fleets each charge 14 and 20.5 cents a mile. Two fleets each charge 15 and 16 cents a mile, while one fleet each charges 9, 10, 11, 12, 12.5, 13, 17 and 20 cents a mile.

Among the fleets with a flat rate, five fleets charge $50 a month; three charge $30 a month. Other monthly charges (by one fleet each) include $35, $37.50, $39, $40, $45, $55, $60, $75. One fleet's charge ranges from $40 to $60 a month depending on size of car, while another's charge ranges from $85 to $200 a month. Weekly charges (again by one fleet each) are $12 a week and $20 a week. One fleet charges $520 a year, while another's charge is "25 percent of the total car cost."

Fifteen fleets in the Insurance Group use a combination chargeback system. These chargebacks include six cents a mile and $15 a month; $10 a week and 15 cents a mile over 6,500 miles a year; nine cents a mile with $650 added to the employe's W-2 form: $684 implied annual income added to W-2; nine cents a mile over 600 miles a month plus $650 added to W-2; nine cents a mile plus $30 a month; 15 cents a mile and $60 a month; $50 a month plus 12 cents a mile over 600 miles a month; $35 a month plus gasoline costs on vacation; $39 a month plus 13 cents a mile over 300 miles a month; $15 a month plus five cents a mile; $43.25 a month plus 10 cents per mile for trips over 200 miles; 10 cents a mile and $20 a month; $19 a month and 15 cents a mile; and $42 a month plus 14 cents a mile.

Twenty-eight fleets in the Insurance Group collect for personal use by means of an expense report deduction; 17 use a salary deduction, while 11 use other methods of collecting the chargeback. In most of these fleets the personal use chargeback was added to the employe's W-2 form as additional income. In one fleet the employe pays for personal use by a check to the company.

Sixteen fleets said they increased their personal use chargeback in 1984. The majority of them are staying with their current system, but increasing the amount. However, one fleet switched from a flat rate to 20.5 cents a mile, while another went from a mileage charge to a flat rate.

In four fleets, personal use is restricted to the employe only; in the other 54 fleets permitting personal use, both the employe and spouse can use the company car. Twenty-four fleets permit licensed children to drive, and six extend the driving privilege to "others" in the same household.

Minimum age requirements for driving the company car are set by 11 fleets. Two fleets each set the minimum age at 18, 21 and 25 years. One fleet each has a minimum age of 20 and 26.

Twenty-two fleets in the Insurance Group charge the employe for repair costs resulting from an accident occurring during personal use. One fleet charges the full amount; 11 have a dollar payment ranging from a low of $50 to a high of $300. The most frequently mentioned figure is $100. Ten fleets assess the "insurance deductible" as the charge. This ranges from a low of $100 to a high of $250.

Thirty fleets say they "charge" the employe with an accident if another person was driving the car when the accident occurred; 27 do not enter such a charge on the employe's record.

In reimbursing an employe for business use of a personal car (when there is no assigned company car), most fleets use a straight mileage payment. In 24 fleets the rate is 20 cents a mile. Eight fleets pay 20.5 cents a mile; two pay the employe 23 cents a mile. Other reimbursement rates include (by one fleet each) 17 cents, 17 cents plus gas, 18, 18.5, 19, 21.5 and 22 cents a mile.

Five fleets reimburse the employe on a sliding scale: 20.5 cents a mile for the first 15,000 miles, then 11 cents a mile; 22 cents a mile for the first 7,000 miles, then 18 cents a mile; 24 cents for the first 10,000 miles, 19 cents for the next 5,000, then 16 cents a mile for any additional mileage; 24 cents for 1,000 miles, then nine cents for additonal driving, and 16 cents for the first 700 miles in a month, plus 10 cents a mile for the balance.

Two fleets reimburse the driver of a personal car on a combination basis. In one fleet the rate is $22 a week plus 20 cents a mile; in the other fleet it is nine cents a mile plus $25 a month.

In reimbursing an employe for business use of a personal car when an assigned fleet car is not in operation, every fleet uses a straight mileage method of payment. In 24 fleets the rate is 20 cents a mile; in 11 fleets the rate is 20.5 cents, while in two fleets each the rate is 18 and 18.5 cents a mile. One fleet each reimburses the employe at these rates: 16 cents a mile, 17, 19, 21, 21.5, 22, 23 and 26 cents a mile.

Manufacturing-Consumer

The Manufacturing-Consumer Group consists of 40 fleets operating 20,142 passenger cars (6,389 company-owned, 13,753 leased). Every fleet in the group permits personal use of the company-provided car after working hours, on weekends and holidays, and for vacation travel. Personal use amounts to 18 percent of the total mileage driven by these fleets.

Four fleets place some limitations on personal use. They include 600 free miles for vacation travel and then a 10 cent a mile charge; 200 miles a month; use only within a 350-mile radius of the division point. One fleet says personal use must be "reasonable."

Thirty-two of the 40 fleets in the group charge for the personal use of the company car. Ten fleets have a personal mileage charge; 18 have a flat weekly or monthly charge, while one uses a combination of both methods. The mileage charges in two fleets each are 10 and 11 cents a mile. One fleet each charges 12, 13, 14, 20, and 20.5 cents a mile. Another fleet that charges 20 cents a mile deducts 13 cents from the employe's expense account and adds seven cents a mile to his W-2 form as additional income. The one fleet using a combination charge sets it at 10 cents a mile plus $21 a month.

Among the fleets with a flat chargeback rate, three each charge $30 and $40 a month. Two fleets charge $45 a month. Other monthly charges include (in one fleet each): $20, $25, $33, $50 and $150 a month. Weekly charges (in one fleet each) are: $3, $10, $11 and $11.50.

Four fleets reported they increased their personal use chargebacks in 1984; a number of others said they plan to raise them in 1985.

Of the 32 fleets that charge for personal use, 15 collect the chargeback through an expense report deduction; 12 collect it through a salary deduction, while five use other methods. Four of these five fleets add the personal use chargeback to the employe's income on the W-2 form at the end of the year; the fifth fleet requires the employe to pay for such use by personal check.

Four fleets in the Manufacturing-Consumer Group permit only the employe to dirve the company car. The other 36 fleets permit both the employe and spouse to use the car, while 19 extend the driving privilege to children of the employe. Four fleets permit personal use by "others" in the same household.

Nineteen fleets have a minimum age requirement for use of the company car. In seven fleets the minimum age is 21; in four fleets each it is 18 and 25 years. One fleet only requires the driver to be "licensed" and in another the minimum age is set at 16.

A portion of the repair costs resulting from accidents that occur during personal use is borne by the employe in 13 fleets. Four of them have a fixed dollar amount ranging from a low of $50 to a high of $350. In nine fleets the employe's share of the repair costs is the "insurance deductible" which ranges from a low of $100 to a high of $500, with $250 being the most commonly cited amount charged to the employe.

There are two situations that may exist in reimbursing employes for business use of a personal car — no assigned company car, or the assigned car is not in operation.

When there is no assigned company car, 29 fleets in the Manufacturing-Consumer Group reimburse the employe for use of the personal car on a straight mileage basis. Fifteen fleets pay 20 cents a mile; six pay 20.5 cents a mile. Two fleets pay the employe 22.5 cents a mile, while one each reimburses at the rate of 15, 18, 22, 32 and 33 cents a mile.

Three fleets in the group reimburse the employe on a cash payment and mileage basis. One fleet each pays 10 cents a mile and $155 a month; 12.5 cents plus $330 a month; 14 cents a mile and $240 a month. One fleet pays a flat rate of $350 a month.

When an employe is required to use a personal car because the company car is not operating, 20 fleets reimburse the employe at 20 cents a mile; five pay 20.5 cents a mile. Other rates are (in one fleet each): 10 cents, 18, 19, 22, 22.5, 24, 25 and 33 cents a mile.

One fleet pays the employe 32 cents a mile for the first 900 miles driven, then 18 cents for the remaining mileage. Another fleet pays 14 cents a mile plus $250 a month.

Manufacturing-Industrial

The Manufacturing-Industrial Group consists of 63 fleets operating 58,625 passenger cars (14,283 company-owned, 44,342 leased). According to the participating fleets, personal use accounts for 18 percent of the total mileage driven in a year.

Sixty-two of the 63 fleets in the group permit personal use of the company-provided car after working hours, on weekends and holidays. Two fleets do not permit personal use for vacation travel.

Seven fleets place specific limitations on personal use. In two fleets the limit is 20 percent of the total mileage driven; in another fleet, personal use must be less than 50 percent of total use. Three of the fleets limit use on vacations; the limits are 300, 1,000 and 2,500 miles.

Seven fleets in the group do not charge for personal use; 56 do require a chargeback. Twenty fleets use a straight mileage charge; 26 have a flat weekly or monthly use charge, while eight have a combination of mileage and flat rate chargeback policy.

Among the fleets with a mileage charge, three each set it at 10, 12 and 14 cents a mile. Two fleets charge 11 cents a mile, while one fleet each has these charges: 8, 9, 13, 18, 18.5 and 20.5 cents a mile. One fleet charges 8, 10 or 12 cents a mile depending on size of car driven.

Five of the fleets with a flat monthly rate charge $35 a month; three fleets each charge $25, $30, $40 and $50 a month. Other montly charges (each by one fleet) are: $55, $75 and $80 for a four-cylinder car, $100 for a six-cylinder car. Weekly charges (each by one fleet) are $5, $12, $13 and $18. One fleet charges $570 a year for personal use of the company car.

Eight fleets employ a combination of mileage and flat rate for personal use chargeback. They are (each by one fleet): five cents a mile with a $50 minimum per month, or one-half of one percent of the car's capitalized cost; fuel plus $50 a month; 10 cents a mile and $25 a month; 17 cents a mile and other $45 or $55 a month; seven cents a mile plus $55 a month for vacations; 14 cents a mile over 1,000 a month plus $115 a month; eight cents a mile and $34 a month; and $40 a month plus three cents a mile for each cylinder in the car's engine.

Twenty-seven fleets in the group collect the personal use chargeback through an expense report deduction; twenty-one have a salary deduction program, while six add the personal use charge to the employe's W-2 form as additional income.

Two fleets restrict personal use to the employe alone; the remaining 60 fleets permitting personal use say both the employe and spouse can drive the company car. In addition, 30 fleets permit licensed children to use the car, and four fleets extend the driving privilege to "others" living in the same household as the employe.

Thirty-three fleets have a minimum age requirement before personal use is permitted. In 12 fleets it is 21 years of age; in nine fleets each it is 18 and 25. One fleet each sets the minimum at 19 and 20, while one fleet has a minimum age of 21 for females and 25 for males.

In 28 fleets some portion of the repair cost resulting from an accident during personal use is charged to the employe. One fleet charges the full amount; 12 have a specific dollar amount that ranges from a low of $100 to a high of

Continued on Page E-10

Fleet operating expenses continue to ebb

Survey shows cost was a penny per mile less in 1984 than in 1982

Fleet operating expenses declined for the third consecutive year in 1984, according to the annual operating expense survey conducted by the National Association of Fleet Administrators Inc. (NAFA).

A total of 84 fleets, operating 79,660 passenger cars, submitted data for the annual survey.

Operating expenses declined approximately three tenths of a cent per mile in the "composite" fleet group (those fleets that do not break out expenses by the size of car) from .0793 cents per mile in 1983 to .0763 cents per mile in 1984.

The 1984 operating expense is a full penny per mile less than in 1982.

Average fuel economy or miles per gallon for the fleets was computed using a price of $1.26 a gallon for fuel. This is an average for the year combining both full-service and self-service pump prices.

The average miles per gallon figure for compacts was 23.8; for mid-size cars, 20.5; for large cars, 18.7.

Results of the survey are based on NAFA's Recommended Classification of Automobile Expenses. Under this accounting system, fleet costs are divided into three major categories:

(1). Operating Expenses: These costs consist of all expenses directly related to running a vehicle — fuel, oil, tires and tire repair, and normal maintenance and repair. These expenses are computed in pennies per mile per car.

(2). Incidental Expenses: These costs include licenses and taxes, accident repairs less recoveries, washing, parking and tolls, and miscellaneous expenses. These costs are computed on a dollars per car per month basis.

(3). Standing Expenses: The third category consists of investment costs, either interest paid on purchases or leasing company service charges, depreciation reserve, insurance and selling costs. Deducted from these expenses are depreciation adjustments (if any) after a vehicle is sold. The standing expenses are also expressed in dollars per car per month.

To arrive at the Net Expense figure, personal use chargebacks and any optional equipment purchased by the company-car operator are deducted from the combined Incidental and Standing Expenses.

The composite fleet consists of nearly 40,000 passenger cars. The fleets in this group do not break out expenses by size of car; they provide only totals for the entire fleet.

The cars in these fleets were kept in service an average of 31.5 months and driven 57,740 miles. Two percent of the cars in the composite fleet are subcompacts; 69 percent are compacts; 25 percent are mid-size; four percent are large cars.

Seventy-eight percent of the cars in the composite fleet have four-cylinder engines; 19 percent are equipped with six-cylinder

Continued on Page E-12

Operating Expense Comparisons Composite Fleets 1982 - 1984

	1982	1983	1984
Average Miles per Month	1,880	1,821	1,833
OPERATING EXPENSES			
(cents cost per car per mile)			
Fuel	.0643	.0579	.0580
Oil	.0011	.0016	.0012
Tires & Tire Repair	.0057	.0041	.0040
Repair & Maintenance	.0150	.0157	.0151
Total Operating Expenses	.0861	.0793	.0763
INCIDENTAL EXPENSES			
(dollar cost per car per month)			
License & Taxes	$ 8.63	$ 9.95	$11.62
Accident Repairs — Recoveries	7.39	8.85	8.74
Washing	6.14	4.12	4.25
Parking & Tolls	12.09	11.06	7.46
Miscellaneous	2.98	2.97	3.25
Total Incidental Expenses	$ 37.23	$ 36.95	$ 35.32
STANDING EXPENSES			
(dollar cost per car per month)			
Leasing Service Charge or Interest	$ 76.38	$ 72.05	$ 60.40
Depreciation Reserve	161.37	153.65	182.95
Depreciation Adjustment	-23.06	-12.38	-23.83
Selling Expenses	11.38	5.04	11.46
Insurance	23.94	20.96	19.03
Total Standing Expenses	$250.01	$239.32	$250.01
CREDITS			
(Dollar return per car per month)			
Personal Use Credit	$ 42.29	$ 47.70	$ 45.42
NET EXPENSES			
(Incidental expenses plus standing expenses less credits)	$244.96	$228.77	$239.91

Operating Expense Comparisons 1982 - 1984

Mid-Size Cars

	1982	1983	1984
Average Miles per Month	2,027	2,236	2,031
Fuel	.0748	.0616	.0614
Oil	.0014	.0016	.0018
Tires & Tire Repair	.0053	.0064	.0043
Repair & Maintenance	.0105	.0169	.0162
Total Operating Expenses	.0920	.0865	.0837
Average price per gallon of fuel	$1.36	$1.235	$1.26
Average miles per gallon	18.2	20.05	20.5

Compact Cars

	1982	1983	1984
Average Miles per Month	2,339	2,153	1,747
Fuel	.0627	.0517	.0528
Oil	.0015	.0017	.0014
Tires & Tire Repair	.0040	.0035	.0045
Repair & Maintenance	.0112	.0126	.0121
Total Operating Expenses	.0794	.0695	.0708
Average miles per gallon	21.8	24.1	23.8
Average price per gallon of fuel	$1.36	$1.235	$1.26

Personal

Continued from Page E-5

$1,000, with $100 and $250 being the most frequent. Fourteen fleets charge the "insurance deductible" to the operator. The range in this category is from a low of $50 to a high of $1,000; $250 is the most often cited figure.

Thirty-three fleets charge the employe with an accident if another person was driving the company car when the accident occurred.

In reimbursing an employe for business use of a personal car when there is no assigned company car, 28 fleets pay the employe 20 cents a mile. Seven fleets pay 20.5 cents a mile; four pay 21 cents. One fleet each pays 17, 18, 22 and 32 cents a mile for such use.

Seven fleets employ a mileage rate and fixed payment scale to reimburse the employe. The rates are (in one fleet each): nine cents a mile and $55 a week; 9.5 cents a mile plus $325 a month; 10 cents a mile and $175 a month; eight cents a mile and $180 a month; 20 cents a mile and $325 a month; 8.5 cents a mile and $270 a month; and 10 cents a mile plus $200 a month.

Two fleets reimburse the driver on a graduated or sliding mileage scale. The rates are 20 cents a mile for the first 1,500 miles a month, then 11 cents a mile; and 21 cents a mile for the first 1,250 miles, then 10 cents a mile.

When an assigned fleet car is not in service, every fleet but one reimburses the employe for use of a personal car on a straight mileage basis. In 36 fleets the rate is 20 cents a mile; in nine fleets it is 20.5 cents a mile; four fleets pay 21 cents. One fleet each pays 9.5, 17, 18, 18.5, 22,and 22.5 cents a mile. The one fleet with a sliding scale pays the employe 20 cents a mile for the first 1,250 miles, then 10 cents a mile thereafter.

Miscellaneous Group

The Miscellaneous or Other Group consists of 32 fleets that do not fall within any of the other specific industry classifications. These fleets operate 11,922 passenger cars (2,604 company-owned, 9,318 leased). Personal use of the company car amounts to slightly more than 19 percent of the total number of miles driven.

Thirty fleets in this group permit personal use of the company car; two do not. Two fleets do not permit personal use on weekends and holidays, and three fleets do not authorize use of the car for vacation travel.

Three fleets report having limitations on personal use. One did not specify the limitation, one says it is 3,600 miles a year, another requires the operator to pay for gas and oil (in addition to the regular chargeback) for trips of more than 200 miles.

Twenty-five of the 30 fleets have a regular personal use chargeback system; five do not charge for the personal use. Nine fleets have a straight mileage charge; six have a flat weekly or monthly charge, while 10 use a combination of charges.

In the fleets with a mileage charge, two set it at 11 cents a mile. In the others the charge is 9, 10, 15.5, 17, 18, and 20.5 cents a mile. Three fleets charge $25 a month; two charge $50 a month; one fleet charges $15 a week for personal use.

Two fleets charge $50 a month and 10 cents a mile. Other fleets have these chargeback rates: $30.30 a month plus six cents a mile; $32 a month and 12 cents a mile; $20 a month and nine cents a mile; $20 a month plus 10 cents a mile; $15 a month and five cents a mile. One fleet charges $60 a month plus 20 cents a mile over 300 miles a month. One other fleet charges its employes three-fourths of the monthly lease rate plus $40 a month.

Eleven fleets collect the personal use chargeback through an expense report deduction; eight fleets deduct the charge from the employe's salary. Five fleets add the charge to the employe's income statement (the W-2 form) at the end of the year. One fleet gives the employe a separate W-2 form covering the additional income.

A minimum age requirement for driving privileges is set by 12 fleets. In four fleets it is 18; in three fleets it is 21. Two fleets merely require that the operator "be licensed," while one fleet each sets the minimum age at 23 and 25.

Five fleets restrict use of the company car to the employe only; the other 25 permitting personal use allow driving by both the employe and spouse. Fourteen fleets permit children to use the car, and six extend the driving privilege to "others" in the same household.

Twelve fleets charge a portion of repair costs resulting from accidents occurring during personal use. Four of the 12 assess a specific dollar amount; in one fleet it is $50; in the other three it is $100. Eight fleets charge the employe the "insurance deductible," most frequently $250, although one fleet does charge $250 for collision and $150 for comprehensive.

When an employe uses a personal car for business (when there is no assigned company car) all but three fleets in this group reimburse on a straight mileage basis. In 10 fleets the rate is 20 cents a mile; in five fleets it is 20.5; in two fleets it is 19 cents a mile. One fleet each pays at these rates: 12 cents a mile, 15, 19, 21, 22 and 30 cents a mile.

Three fleets pay a combination flat rate and mileage to the employe. The payments are $150 a month and 10 cents a mile; $150 a month plus 9.5 cents a mile; and $180 a month plus 8.5 cents a mile.

Every fleet reimburses its employe for business use of a personal car (when the assigned fleet car is not in operation) on a mileage basis. Nine pay 20 cents a mile; six pay 20.5 cents; two pay 19 cents a mile. Other rates include 12 cents a mile, 15, 18.5, 21, 22 and 28 cents a mile.

New quotas don't aid imports

Fleet sales of Japanese cars will not climb

By Matt DeLorenzo
Los Angeles Reporter

LOS ANGELES. — Despite the hefty 24 percent annual increase in shipments of cars to the U.S. under the Japanese government's voluntary restraint agreement (VRA), Japanese-import distributors in the U.S. are still so strapped for vehicles that little can be promised to the fleet industry.

The lion's share of this year's increase, announced by Japan's Ministry of International Trade and Industry (MITI), will be in the form of captive imports sold by Chrysler Corp. and General Motors, while major importers such as Toyota Motor Sales U.S.A. Inc. and Nissan Motor Corp. in U.S.A. will get only a 12 percent increase in volume.

"We were obviously disappointed that the number isn't greater," Don Esmond, Toyota's national fleet and truck manager, says. Although the increase will not change things much on the car side of the fleet business, Esmond notes, "Even under VRA we were able to increase fleet sales about 13 percent. Most of the (1984 fleet sales) increase was from the dealer body working with local accounts."

Any increase in fleet cars that results from the new quotas, according to Esmond, will be used to support daily rental and long-term fleet clients.

John Dorsey, manager of national truck and fleet sales for Mitsubishi Motor Sales of America Inc. (MMSA), says of the quota increase: "It's really a moot issue. If we get a big number, then it will help fleet. But we're looking at a 12 to 15-day supply at retail. Retail will gobble even a medium increase."

Jim Tavasci, Nissan's national fleet and leasing manager, says loosening of VRA coupled with Nissan's Sentra car production in Tennessee "in the long run will make more vehicles available for fleet — pending market conditions."

He says Nissan's U.S. car production holds greater significance for the company's fleet program than any increases under VRA: "We're looking at what possibilities exist to increase fleet availability, not so much as a result of VRA, but because of producion at Smyrna."

Gerard D. Murphy, fleet sales manager for American Isuzu Motors Inc., indicates the company has not decided what to do with its import volume increase.

"We're still unsure of the number," he says, adding that negotiations are continuing over Isuzu's share: "The original quote (preliminary figures put the company's increase at only 6,000 vehicles) doesn't allow us to go aggressively after fleet, as we have with truck."

American Isuzu is in the unique position of having over 250 full line dealers, yet is allotted the least number of cars among Japanese import marketing units. As a result, Murphy says, it follows that retail gets the sales priority.

On the truck side, however, it is a different story altogether for Isuzu. "Our posture here is to aggressively solicit the fleet market," Murphy says. Fleets accounted for nearly 24 percent of P'Up truck sales last year. "We've organized the fleet program to address the local market as well as the national market," he says.

In establishing its identity in the national fleet market, American Isuzu is following the same lighthearted approach it took when introducing its cars. Captitalizing on Isuzu truck's class win at Baja last year, Murphy says ads use the tag line, "If your employees drive like they're in the Indy 500, give them the truck that won the Baja 1000."

Another theme uses the line, "Isuzu Trucks: One of the few things tougher than making a profit."

Nissan's Tavasci notes an increase by the company in truck fleet sales over the past year. "We've increased our truck fleet business well over 100 percent," he says, noting this year is off to a fast start with a 10 percent increase in fiscal-year sales and 36 percent climb in the calendar year pace.

"The acceptability of our vehicles has been tremendous," Tavasci says.

Asked if the increase in truck fleet business is attributable to Nissan's Tennessee assembly plant operation, Tavasci replies the growth is more the result of "people starting to downsize their fleet vehicles. The compact trucks have proven themselves as being more economical."

Adding to that is strength of the small-truck market as a whole, he says. Advertising dollars spent on retail truck advertising have had an effect on fleet sales.

Mitsubishi's Dorsey is also bullish on the truck market. "We're looking to maintain and grow in the truck field," he says, adding that dealers are "concentrating on the local, small accounts."

Price also is a factor. "At $5,799, our price is attractive as a fleet truck. We're looking to grow in that sector," Dorsey says.

An important account for MMSA is Domino's Pizza in the Southeast, where franchises have been buying Mitsubishi trucks for use as delivery vehicles.

Esmond says Toyota's truck fleet business has been exceptional: "Where we've got the availability, we've been able to show healthy increases."

In 1984 Toyota posted an 84 percent increase in truck fleet sales. "We see more and more fleet vehicle-size downsizing," Esmond says. Addition of a one-ton version of the Toyota truck and cargo vans has helped the company's commercial sales.

Esmond says Toyota's commitment to the fleet business is shown by recent appointment of full-time fleet and truck managers in each of the company's sales regions. Previously, fleets were the responsibility of the regional merchandising manager.

Says Esmond: "We've been involved with the rent-a-car side and we're looking to better our relationship with the larger lessors, like PHH and Gelco. We want to keep these opportunities open."

Swiss luxury

Car renting elegance

In a move to expand the availability of elegance in rent-a-car travel in Switzerland, Hertz is extending its Prestige Service luxury-car rental to 11 locations throughout the European country.

The deluxe fleet offers a range of Mercedes 500 models equipped with mobile phones, air conditioning, automatic transmission and leather upholstery.

The luxury vehicles are available at Switzerland's Zurich, Geneva, Basel and Lugano-Agno airports.

In addition the service is available at downtown locations in Geneva, Zurich, Basel, Berne, Lausanne, Lucerne and Lugano.

According to Hertz, increased bookings, particularly from traveling business executives, spurred an expansion of the service. Hertz says it recognizes "the demand from non-price-sensitive car-rental customers for a prestige service providing luxury vehicles."

Hertz says customers can request delivery of Prestige vehicles to any city in Switzerland.

The special rent-a-car service was first launched by Hertz in France three years ago. Today, in addition to the Swiss locations, Hertz offers the Prestige Service in London, Paris, Nice, Vienna, Frankfurt, Munich and Dusseldorf.

According to Hertz, its vehicle renting and leasing operations are represented in over 120 countries at more than 4,500 locations.

Expenses

Continued from Page E-10

engines; three percent have eight-cylinder engines.

These are well equipped cars: 98 percent are air conditioned; 97 percent have automatic transmissions; 99 percent have power steering; 100 percent are equipped with power brakes.

Based on a fuel cost of $1.26 per gallon, these cars used 81 gallons of gas a month to drive 1,833 miles, an average miles per gallon figure of 22.5.

Total operating expenses for the group amounted to .0763, about one-third of a cent per mile less than in 1983 and a full cent per mile lower than in 1982.

Incidental expenses amounted to $35.32 per car per month. Standing expenses were $250.01 per car per month. Net Expenses (incidental expenses plus standing expenses minus a personal use credit or chargeback of $45.42) amounted to $239.91.

Translating all expenses into dollars per car per month, the total expense amounts to $379.76, or 20.7 cents a mile.

Compact Cars

The compact car segment of the 1984 operating expense survey reported operating expenses of .0708 cents per mile. These cars were driven an average of 7,747 miles per month. They were kept in service an average of 33.2 months.

Fuel expenses for compact cars were .0528 cents per mile. Based on a fuel price of $1.26 per gallon, these cars averaged 23.8 miles per gallon.

Every car in the group has a four-cylinder engine, and all of them were equipped with air conditioning, automatic transmission, power steering and power brakes.

Mid-Size Cars

Mid-size cars in the 1984 survey had operating expenses of .0837 cents per mile, with fuel expenses of .0614 cents per mile. They cost one cent a mile more to operate than a compact car.

Thirty-seven percent of the mid-size cars are equipped with four-cylinder engines, 56 percent with six-cylinder engines and seven percent with eight-cylinder engines.

Every car in the mid-size group was equipped with air conditioning, automatic transmission, power steering and power brakes.

Based on the standard gasoline prices of $1.26 per gallon, these cars averaged 20.5 miles per gallon, more than three miles per gallon less than the compact cars.

Large Cars

The large-car segment of the 1984 operating expense survey averaged 18.7 miles per gallon. These cars were driven an average of 2,085 miles per month and kept in service for 26.6 months.

Total operating expenses for this group of vehicles came to .0935 cents a mile, a penny per mile more than mid-size cars and two cents a mile more than compact cars.

Ninety-nine percent of the large cars have eight-cylinder engines, and all are equipped with air conditioning, power steering, power brakes and automatic transmissions.

Operating Expenses Canada

	1983	1984
Average Miles per Month	1,760	2,427
Fuel	.0979	.0816
Oil	.0026	.0012
Tires & Tire Repair	.0080	.0044
Repairs & Maintenance	.0221	.0205
Total Expenses	.1306	.1077

NAFA car size categories

Subcompact cars: Wheelbase of less than 99 inches and a curb weight of under 2,199 pounds.

Compact cars: Wheelbase between 100 and 104 inches and a curb weight of between 2,200 and 2,599 pounds.

Mid-size cars: Wheelbase between 105 and 108 inches and a curb weight of between 2,600 and 3,199 pounds.

Large cars: Wheelbase of more than 108 inches and a curb weight of more than 3,200 pounds.

Canada

As in previous surveys, cars in Canada cost more to operate than in the U.S. According to responses to the 1984 survey, operating expenses for Canadian cars amounted to .1077 cents a mile.

The Canadian fleet segment is made up of eight percent subcompacts, 44 percent compacts, 39 percent mid-size cars and nine percent large cars.

Fifty percent of the Canadian cars have four-cylinder engines; 28 percent have six-cylinder engines; 22 percent have eight-cylinder engines.

The Canadian cars are kept in service an average of 30.7 months and driven an average of 2,427 miles per month. Total service life for these cars averages 74,509 miles.

A breakdown of the Canadian fleet's operating expenses shows fuel expenses of .0816 cents per mile; oil, .0012 cents per mile; tires, .0044 cents per mile; repair and maintenance, .0205 cents per mile.

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Reducing excess maintenance

Fleet managers say: Put pressure on providers

To resolve "excessive vehicle maintenance" problems in automotive fleets, deal with those from whom you purchased or leased the vehicle, advise fleet managers.

Over 200 fleet managers cited possible solutions to excessive maintenance problems in a survey conducted by Runzheimer Reports on Transportation, an industry newsletter published by Runzheimer International, Rochester, Wis.-based management consulting firm.

Almost one half, 48 percent of the survey respondents, advised working closely with the providers of the vehicle causing the maintenance headache, whether a dealer, lessor or manufacturer (see accompanying table). The fleet managers advised putting pressure on them to diagnose the difficulty, prescribe a cure and absorb unusual maintenance costs.

For additional ammunition in battling manufacturers, the fleet managers advised removing problem vehicles from the fleet (17 percent), not reordering maintenance-troubled models in the future (12 percent) and keeping accurate records to document problems (10 percent).

Here is what some respondents had to say about seeking satisfaction to the problem:

"Get the manufacturer involved! Let them help expedite parts and absorb some expenses."

"Enlist your leasing company to fight the battle with the manufacturers."

"Remove it (the vehicle) from your selector list immediately! Personally contact the dealer."

"Monitor repairs to document problems. If (the) manufacturer refuses to jointly remedy problems, remove that model from the approved bidders listing."

Although the key point made by most of the respondents is to seek restitution of costs through the manufacturer, a preventative maintenance program and thorough maintenance records to back up claims cannot be over-emphasized, concludes the report.

Survey Respondents Advice On Dealing with Excessive Maintenance Problems

Advice	Percent*
Work with the manufacturer's representatives/dealer/lessor	48
Remove vehicles from fleet	17
Don't reorder	12
Keep accurate records	10
Seek additional warranty coverage/recovery	7
Educate drivers to potential problem	4
Review present maintenance program/Increase frequency of preventive maintenance	4
Check with other fleets regarding similar problems	3
Identify the problem	3
Determine if driver is creating the problem	2
Free drivers of the problem	2
Review vehicle specifications Change use pattern	2
Miscellaneous	13

*Total exceeds 100 percent due to multiple answers.

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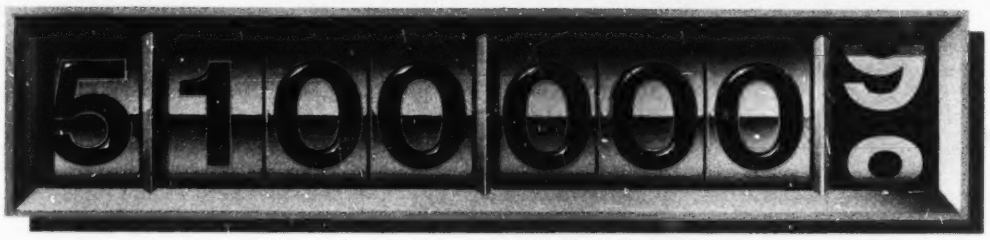

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Factory

Continued from Page E-3

1984 through the efforts of our dealers," he added. "Availability should improve some during the coming year, but we just don't know yet by how much."

The Corolla and Tercel, Esmond noted, "have long been popular fleet cars. But in the past year, the Camry has really come into its own in the fleet market.

"It offers good size, fuel efficiency and low maintenance, the things most fleet buyers are looking for," he continued. "We really think it has a bright fleet future."

With the shortage of cars, Esmond said, Toyota dealers have placed greater emphasis on the fleet-truck business.

"They've found they can make money on fleet trucks and have really pursued it," he added. "Last year, Toyota's fleet-truck sales were up 87 percent from 1983 to 43,724 units. In 1982 our sales were less than 10,000."

Esmond said the small-truck fleet market grew by more than 70 percent last year, and that the first two months of 1985 "give every indication that it will continue its record growth.

"With payload capacities for small trucks continuing to grow, more and more fleets realize they can accomplish the same tasks with a small truck as a large one," he explained. "Fleets are downsizing because the smaller trucks are more fuel-efficient and require less maintenance."

Esmond thinks the Cargo Van, introduced last year, provides a great growth area for Toyota.

"Just as small pickup trucks have been replacing large pickups, small vans will start replacing large vans in fleets," he said. "They're fuel-efficient and require much lower maintenance. The only maintenance required on our van in the first 60,000 miles is oil changes."

Import fleet is on the rise

Gradually growing acceptance in North America

The number of imported cars in the average North American fleet is slowly but steadily on the rise, according to fleet composition surveys conducted between 1982 and 1984.

Runzheimer Reports on Transportation says that since 1982 the percentage of imported cars has increased one percentage point a year (see accompanying Table 1).

Although the percentage of fleets with imports has dropped slightly, 28 percent in 1982 to 27 percent in 1984 (Table 2), those fleets with imported cars have markedly increased the number from an average of 56 in 1982 to an average of 72 in 1984, a 29 percent jump (Table 3).

The 1984 fleet composition data were gathered from 506 North American respondents representing 248,524 cars. Data from 1983 reflect 532 North American responses totaling 265,000 cars. In 1982 a total of 95 fleets responded, representing 78,390 cars.

These data suggest a gradually growing acceptance of imports among U.S. and Canadian fleets which typically drive North American autos only. However, the report further notes that the definition of what constitutes an imported car has been changing for some time.

For example, General Motors has been marketing the Chevrolet Sprint, built by Suzuki of Japan, on the West Coast, and the Spectrum, built by Isuzu of Japan, in 17 Eastern states. By displaying a domestic nameplate, these vehicles are, at least in name, domestic. But the Sprint and Spectrum are actually Japanese Chevys, not American Chevys; they are domestic-sponsored imports.

A clear distinction between imported and domestic cars is not likely to made in the near future. This year, with the quota on Japanese auto exports to the U.S. increased, more cars will be imported here and, subsequently, more questions will be raised about their parentage.

Table 1
Composition of Average North American Car Fleet Domestic vs. Imports

	1982	1983	1984
Domestics	98%	97%	96%
Imports	2%	3%	4%

Table 2
Surveyed Fleets With Imported Cars

	1982	1983	1984
Domestics	28%	26%	27%

Table 3
Average Number of Imported Cars in Those Fleets Having Them

	1982	1983	1984
Domestics	56	58	72

Confusion over the complexity of the matter might be reduced by using a code such as the following created by Runzheimer's auto analysts to classify cars available to American consumers:

DN/FM — Domestic nameplate but foreign made (Plymouth Colt).

DN/DM — Domestic nameplate and domestically made (Ford Escort).

FN/DM — Foreign nameplate but domestically made (Volkswagen Golf).

FN/FM — Foreign nameplate and foreign made (BMW 318i).

Despite this type of code, the once clear line distinguishing imported cars from domestics will continue to be blurred.

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Unleaded gas prices to rise

Costs will deviate from usual seasonal pattern

As a result of new Environmental Protection Agency (EPA) regulations, unleaded gasoline prices can be expected to rise this fall instead of remaining static or dropping as they usually do, according to Runzheimer Reports on Transportation.

According to the industry newsletter, gasoline prices traditionally follow a pattern of rising in the warmer months as consumers drive more and demand goes up — March and April have already shown increases — and then leveling off and declining in the fall.

From early summer 1984 to mid-winter 1985 the price of self-serve unleaded gasoline dropped nearly a dime — 9.9 cents.

The forecast for the remainder of 1985, however, sees prices deviating from their usual seasonal pattern and rising into the fall and winter (see accompanying table).

The EPA's lead-phasedown regulations, which require refineries to reduce the amount of lead in their gasoline to 0.5 grams per gallon by July 1, 1985 and to 0.1 by January 1, 1986, is the reason for the predicted change in the normal seasonal price pattern. This phasedown will bring about a period of gasoline marketing experimentation and produce a variety of gasoline blends, according to Runzheimer.

In an effort to maintain high octane while reducing lead, the use of ethanol and methanol as octane enhancers will become more popular among gasoline marketers.

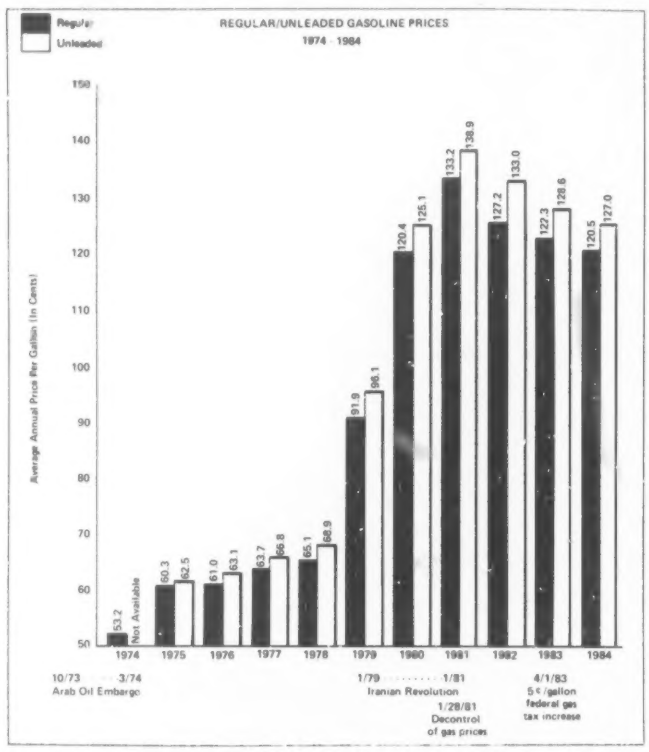
To compensate for loss of octane, refineries will have to increase imports of blending components and crude oil from which these components can be made.

Canada has also made plans to begin a lead reduction program in January 1987. Currently, three grams of lead per U.S. gallon is acceptable in Canada. However, most refineries use an average of less than two grams per gallon. When the regulations take effect, lead will be reduced to 1.1 grams per gallon.

In both countries the increased demand for high-octane unleaded gasoline and the changes gasoline producers will have to make will ultimately drive prices up several cents a gallon.

Self-Serve Unleaded Gasoline Prices

1984	
January	$1.223
February	1.214
March	1.208
April	1.212
May	1.221
June	1.224
July	1.216
August	1.207
September	1.201
October	1.202
November	1.201
December	1.194
1985	
January	$1.162
February	1.125
March	1.131
April	1.167



Gas prices fell again in '84

Motorists paid average of $1.24 a gallon

Gasoline prices continued their three-year decline with motorists paying an average of $1.24 a gallon in 1984, according to the American Automobile Assn.

Leaded regular gasoline at both full-service and self-service pumps averaged $1.21 a gallon during the year. Unleaded averaged $1.27 in 1984.

Gasoline prices have declined steadily since 1981, according to the motoring federation. Following the Arab oil embargo of 1973-74, prices rose sharply, reaching their highest point in 1981 when the average price hit $1.36 a gallon, with regular grade costing $1.33 and unleaded $1.39.

In 1982 the average price dipped to $1.30, and 1983 showed a further decline in the average price to $1.25 a gallon.

Compiled since 1973, the survey covers 6,000 service stations along major travel routes throughout the continental U.S.

Incentive

For travel agents

A new incentive plan enabling travel agents to earn $5 on completed rentals of a week or longer has been announced by Hertz.

The program is in effect during June, July and August. The extra payment applies to weekly rentals in excess of the travel agency's 1984 weekly rental production.

The extra $5 is in addition to the regular commission payment and in addition to the annual bonus commission schedule.

Dubbed the Summer Weekly Incentive Special, the new program applies to Hertz Affordable Weekly rates in the U.S., Canada, Europe, Africa, the Caribbean, Mexico and Asia/Pacific — in effect, worldwide.

Hertz has prepared a summary for each travel agency of the number of weekly rentals credited to that location last year.

Summer Weekly Incentive Special payments will be sent to travel agents in October covering the three-month period.

Fleet execs

Not all get vehicles

Do fleet executives get fleet cars? That was asked in a survey conducted by Runzheimer Reports on Transportation.

Ironically, only 33 percent of the responding U.S. companies and 22 percent of Canadian firms provide cars for their fleet executives.

The survey of both full and part-time executives reveals that the higher the corporate rank, the more apt a company is to provide a car to the executive responsible for fleet operations. Thus, all presidents, over three-fourths of vice presidents and over half of the directors receive what is presumably, at least in part, a perk.

Runzheimer notes that more than one-third of the managers and one-fourth of the supervisors, who are most apt to devote the majority of their time to fleet matters, also have a company-provided car.

Fleet administrators are least likely to receive the car perk.

Here are the percentages by corporate rank of U.S. fleet executives whose companies provide cars for them: president, 100 percent; vice president, 78 percent; director, 56 percent; manager, 35 percent; supervisor, 25 percent; administrator, 8 percent; other, 37 percent.

Here are salary ranges of U.S. fleet executives provided with company cars: $20,000 or less, 10 percent; $20,001-$30,000, 16 percent; $30,001-$40,000, 28 percent; $40,001-$50,000, 41 percent; $50,001-$60,000, 48 percent; $60,001-plus, 75 percent.

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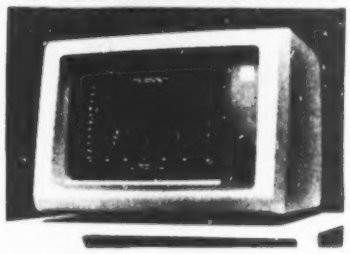

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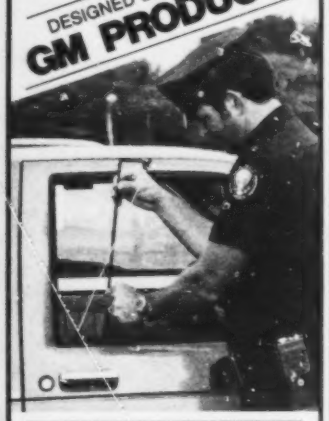

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ALFA ROMEO	505	312	1,518	1,021
AUDI	6,727	7,093	22,207	24,389
4000	0	1,654	0	5,444
4000D	0	0	0	0
4000S	1,378	0	5,260	0
4000S Quattro	322	348	1,337	1,320
5000S	3,994	4,220	11,796	14,417
5000S turbo gas	694	516	2,635	1,946
5000D/td	0	0	0	0
Quattro turbo	10	6	34	14
Coupe	329	349	1,145	1,248
Tourist	0	0	0	0
BMW	7,515	7,438	26,559	22,834
318/320	2,419	3,184	8,032	12,383
325e	92	1,800	92	2,220
524 TD	2,620	0	8,854	0
528/533	1,443	1,430	5,640	4,639
633CSI	259	291	1,109	1,002
733	682	733	2,832	2,590
CHEVROLET	5,048	0	19,176	0
Spectrum	3,836	0	13,909	0
Sprint	1,212	0	5,267	0
CHRYSLER/MITSUBISHI	4,926	5,538	26,267	28,009
Colt	3,478	3,801	19,543	21,040
Conquest	398	883	1,638	3,156
Vista	1,050	854	5,086	3,813
FIAT	0	0	0	0
HONDA	35,997	27,850	131,773	131,692
Civic	11,866	8,933	46,673	43,268
Civic CRX	5,672	3,200	21,484	13,729
Accord	10,209	9,743	40,801	49,498
Prelude	8,250	5,974	22,815	25,197
I.A.I.	0	0	0	0
ISUZU	1,126	997	7,368	4,666
I-Mark	160	232	1,362	1,323
Impulse	966	765	6,006	3,343
JAGUAR	1,643	1,571	5,895	5,442
XJ6	1,324	1,286	4,732	4,623
XJS	319	285	1,163	819
LANCIA	0	0	0	0
MASERATI BITURBO	0	0	226	0
MAZDA	10,107	11,229	54,383	51,653
GLC	2,158	2,795	11,651	13,219
626	4,332	4,552	24,828	21,352
RX-7	3,617	3,882	17,904	17,082
MERCEDES BENZ	8,046	7,097	27,932	27,681
190D	329	507	1,235	2,500
190E	2,154	1,360	7,818	4,654
240D	0	0	6	15
300D	1,818	1,663	5,573	5,954
300CD	153	142	508	541
300TD	352	195	1,023	880
300SD	716	1,431	2,411	5,645
380SE	855	513	3,243	2,072
500SEL	579	334	2,056	1,462
380SL/SLC	966	792	3,533	3,288
500SEC	124	160	526	670
MERCURY MERKUR	554	0	946	0
MITSUBISHI	2,764	2,584	11,621	12,471
Starion	403	665	1,718	2,668
Cordia	463	952	2,215	4,847
Tredia	437	967	2,281	4,956
Mirage	740	0	2,876	0
Galant	721	0	2,531	0
NISSAN	28,661	30,357	146,569	145,473
Sentra/210	9,037	9,271	49,150	56,479
Pulsar/310	2,424	1,977	13,465	11,160
Stanza	2,308	2,258	12,498	13,962
Maxima	3,548	4,230	24,355	19,185
200SX	4,622	6,506	21,785	17,863
300ZX	6,451	5,634	23,478	25,110
Hawaii	271	481	1,838	1,714
PEUGEOT	1,230	1,606	4,472	6,297
PORSCHE	2,005	2,312	7,937	8,583
944	1,339	1,544	5,527	5,531
911	455	527	1,697	2,133
928	211	241	713	919
RENAULT	793	953	3,224	4,208
LeCar	0	0	0	0
18i	310	266	867	604
Fuego	483	687	2,357	3,604
SAAB	3,824	3,690	12,663	12,105
900	1,058	926	3,466	3,160
900S	1,275	1,178	3,637	3,611
Turbo	1,403	1,544	5,117	5,124
Tourist	88	42	243	210
SABARU	13,709	11,427	49,504	49,938
TOYOTA	42,942	31,971	161,961	151,116
Starlet	0	1	0	258
Corolla	10,211	8,560	40,541	42,497
Tercel	5,339	4,601	23,518	26,628
Celica	6,045	5,488	22,383	25,552
Supra	2,038	2,074	7,703	8,457
Camry	9,658	5,889	32,074	23,625
Cressida	3,065	1,915	12,423	10,132
Land Cruiser	23	150	343	551
Van	2,631	2,918	11,067	10,784
4Runner SR 5	431	4	2,220	4
MR2	3,062	0	7,566	0
Hawaii	439	371	2,120	2,628
Other	0	0	3	0
VOLKSWAGEN	11,165	9,926	39,999	38,102
Rabbit Convertible	1,137	1,230	3,883	3,789
Jetta	5,893	3,899	21,465	15,837
Vanagon	1,679	1,748	5,942	6,540
Quantum	982	1,433	3,941	5,497
Scirocco	1,474	1,616	4,768	6,439
VOLVO	9,439	10,360	37,963	37,598
DL	3,776	4,943	14,774	18,040
GL	893	2,845	3,403	10,173
GLT Turbo	189	824	1,540	3,665
DL/GL	138	378	1,680	1,344
Coupe	0	0	0	0
740 Series - Gas	3,022	0	10,894	0
740 Series - Diesel	109	0	109	0
760 Series - Gas	805	688	3,501	2,252
760 Series - Diesel	273	345	1,131	1,219
Tourist	234	337	931	905
IMPORT TOTAL	198,726	174,311	800,163	763,278

truck personnel

Continued from Page 18

Combs had served Fruehauf as vice president-general counsel and secretary since joining the company in 1975.

Frank Coyer, Jr., who served as Fruehauf's principal financial officer since 1974 and as vice chairman-finance & administration since 1981, will continue to serve as vice chairman of the board of directors.

Succeeding Combs as vice-president and general counsel of Fruehauf is **Richard Darke,** who had been associate general counsel since 1979.

Replacing Darke as associate general counsel is **Patrick Lancaster** who was assistant general counsel.

Fruehauf Corp.'s Omaha, Neb.-based Liquid & Bulk Tank promoted **Richard Glazer** to director-plant operations and **Arell Wasson** to plant manager of the Omaha production facility.

Glazer, a 24-year Fruehauf veteran, will direct all four of the LBT Division's manufacturing plants. Wasson has been with the LBT Division 17 years.

Roy Howard was named director of product development for Fruehauf Division's engineering department. He joined the division after 13 years with Ford Motor's Light Truck Operations.

Fruehauf Division also promoted **James Koelker** to branch manager of the truck-trailer sales and service branch in Dayton, O., from used trailer manager at the Dayton facility.

And it promoted **Dale Mooty** to branch manager of truck-trailer sales and service in Oakland, Calif., from branch manager of the Illinois branch.

GMC Truck & Bus names financial exec

Harold Walton was named assistant comptroller for General Motors Truck & Bus Group. He had been director of engineering cost administration for the GM Chevrolet, Pontiac, Canada (C-P-C) Group.

James W. Kolp was named manager of plant and environmental engineering for Truck & Bus. Kolp, who had been general works engineer for GM's Buick, Oldsmobile, Cadillac Group, replaced **Robert Keller,** who retired.

Barry Michels was named manager of central operations engineering at Truck & Bus. **Thomas McLean**, master mechanic of engineering, replaced Michels as manager of supplier quality.

Volvo names Rabe head of bus group

Jan-Olof Rabe was appointed president and chief executive officer of Volvo Bus of North America, a Chesapeake, Va.-based division of Volvo of America Corp.

For the past five years, he headed Volvo's plant in Jakarta, Indonesia, where cars, trucks and buses are asembled for the Far East.

Allied names Frimer to Far East position

Allied Automotive promotedAndrew Frimer to director of market development for Medium and Heavy Vehicle Products, Far East.

He is responsible for direct marketing involvement with all Far East major truck OEMs,with a focus on export vehicles destined for North America aswell as vehicles built for the local Far East markets.

Fred Huegli was promoted to director, operations planning,Far East. He handles overall manufacturing operations,planning and coordination for all Allied Automotive joint ventures and subsidiaries in the Far East.

Iveco names Kostler to product quality post

Erhard Kostler was named senior project engineer at Iveco Trucks of North America, Blue Bell, Pa.

Among his new duties, Kostler will develop and implement an expanded quality assurance program for the company. He will provide engineering interface with key U.S. body builders, RV manufacturers and producers of multi-stop vans and buses.

Iveco said sales of its rail chassis to these manufacturers are expected to double in 1985.

PACCAR names Morie to legal position

PACCAR, Inc., named **G. Glen Morie** vice president, general counsel and secretary. He oversee the company's law department as carry out duties of corporate secretary.

Morrie joint PACCAR's legal department in 1973 and was appointed assistant general counsel in 1979. He was most recently general counsel and assistant secretary.

Rockwell names Neilson to new regional post

Rockwell appointed **David Neilson** regional manager for the midwest sales and service office in its On-Highway Products Operation.

Thomas McNorton was appointed national technical manager in the field sales organization of On-Highway Products.

Dina to introduce minibus in June

MEXICO CITY.—Diesel Nacional (Dina) has announced it will introduce its first lot of urban "minibuses" in June.

The State-owned firm did not specify the number of units to be produced for the home market. However, management reported that 1,000 of the compact buses will be built this year.

The minibus seats 23 passengers and has a 110-HP diesel engine. The firm hopes to sell them to Mexico City and other urban centers and to sell adaptations of the minibus to tourist agencies and for hauling light cargo.

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factories list auction dates

Chrysler Corp.

June 4—Hatfield Auto Auction, Hatfield, Pa., and NuCarPrep System, Santa Fe Springs, Calif.

June 5—Southern Auto Auction, Warehouse Point, Conn.; Columbus Fair Auto Auction, Obetz, O., and South Seattle Auto Auction, Kent, Wash.

June 6—Atlanta Auto Auction, Red Oak, Ga.; Arena Auto Auction, Chicago, and Indianapolis Auto Auction, Indianapolis.

June 11—Hatfield Auto Auction, Hatfield, Pa.; Aptco Auto Auction, Taylor, Mich., and Florida Auto Auction of Orlando, Ocoee, Fla.

June 12—Butler Auto Auction, Gibsonia, Pa.; Sand Mountain Auto Auction, Boaz, Ala.; Minneapolis Auto Auction, Plymouth, Minn., and Dallas Auto Auction, Grand Prairie, Tex.

June 13—Northway Exchange (mini), Clifton Park, N.Y.; Fredericksburg Auto Auction, Fredericksburg, Va., and Clanton's Auto Auction, Darlington, S.C.

June 14—Concord Auto Auction, Acton, Mass., and Floyd Hauhe Auto Auction, Bridgeton, Mo.

Model Breakdown
Auction Averages

	MAY 1985	APR. 1985	MAR. 1985
1985	$11,915	$11,744	$12,024
1984	$8,553	$8,522	$9,046
1983	$6,474	$6,464	$6,023
1982	$5,381	$5,228	$5,332
1981	$4,399	$4,083	$4,544
1980	$3,288	$3,511	$3,474
1979	$2,706	$2,622	$2,809
1978	$2,039	$1,938	$1,578
Overall Average	$5,283	$4,961	$4,928

Ford Motor Co.

June 4—Harrisonburg Auto Auction, Harrisonburg, Va.

June 5—Golden Gate Auto Auction, Fremont, Calif.; Metro Auto Auction of Kansas City, Lee's Summit, Mo., and Minneapolis Northstar Auto Auction, Shakopee, Minn.

June 6—Nashville Auto Auction, Nashville.

June 11—South Seattle Auto Auction, Kent, Wash.

June 12—Columbus Fair Auto Auction, Obetz, O., and Concord Auto Auction, Acton, Mass.

June 13—Arena Auto Auction, Chicago, and Dallas Auto Auction, Dallas.

June 19—Lakeland Auto Auction, Lakeland, Fla., and Brasher's Southern California Auto Auction, Fontana, Calif.

June 20—Aptco Auto Auction, Taylor, Mich.; 166 Auto Auction, Springfield, Mo., and Skyline Auto Exchange, Fairfield, N.J.

June 26—Northway Exchange, Clifton Park, N.Y., and Clanton's Auto Auction, Darlington, S.C.

June 27—Floyd Hauhe Auto Auction, Bridgeton, Mo., and Big H Auto Auction, Houston.

Used Car Sales
Auction Averages

May 1985	$5,283
Month ago	$4,928
Year ago	$5,372

General Motors

June 5—Golden Gate Auto Auction, Fremont, Calif., and Hatfield Auto Auction, Hatfield, Pa.

June 6—Aptco Auto Auction, Taylor, Mich.; Floyd Hauhe Auto Auction, Bridgeton, Mo., and Dallas Auto Auction, Dallas.

June 11—Florida Auto Auction of Orlando, Orlando.

June 12—Northstar Auto Auction, Shakopee, Minn., and Brasher's Auto Auction, Fontana, Calif.

June 18—Southern Auto Auction, East Windsor, Conn., and South Seattle Auto Auction, Kent, Wash.

June 19—Clanton's Auto Auction, Darlington, S.C.

June 20—Indianapolis Auto Auction, Indianapolis.

June 26—Brasher's Salt Lake Auto Auction, Salt Lake City, and Metro Auto Auction, Kansas City.

June 27—Butler Auto Auction, Gibsonia, Pa., and Arena Auto Auction, Chicago.

Traffic fatalities rise for March, first quarter

WASHINGTON.—An estimated 3,333 traffic fatalities occurred in the U.S. in March, 1985, up 0.9 percent from 3,305 in the year-ago month, according to NHTSA figures.

Estimated traffic fatalities in the first quarter of 1985 were 9,041, 1.6 percent more than the 8,900 in last year's first quarter.

Commerce offers plan to increase exports to Japan

WASHINGTON.—A Commerce Department plan to promote auto parts exports to Japan was unveiled at a meeting here of the Automotive Products Export Council (APEC).

The date of the APEC meeting coincided with a Washington gathering of the Automotive Parts and Accessories Assn. (APAA) and a meeting of the Automotive Original Equipment Manufacturers, Inc.

The Commerce export plan provides for the sponsorship of a U.S. automotive exporters mission to Japan each year, assignment of a full-time Commerce staffer to aid the U.S. auto export effort to Japan and a continuing effort to find and negotiate the removal of Japanese barriers to U.S. exports.

APEC is a six-member association formed under Commerce Department auspices in 1980. It is composed of APAA, the Automotive Service Industry Assn., the Equipment and Tool Institute, the Overseas Automotive Club, the Specialty Equipment Market Assn. and the Truck Body and Equipment Assn.

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145,587 cars built; year's total tops 3.7 million

Short week curtails auto output

By Louise Kertesz
Detroit Reporter

U.S. auto production of 145,587 units was down last week because of Memorial Day. The total was 14.81 percent less than the previous week's 170,902—but it was 8.42 percent better than the year-ago week's 134,276, also a holiday-shortened build.

So far this year, 3,726,384 cars have been assembled, 2.90 percent more than the 3,621,465 built last year at this point.

Last week's estimated output was shared as follows: General Motors, 58.29 percent; Ford Motor Co., 20.31 percent; Chrysler Corp., 15.39 percent; American Motors, 1.99 percent; Honda of America Mfg. Co., 1.68 percent; Volkswagen of America, 1.29 percent; New United Motor Mfg. Co., 0.58 percent, and Nissan Motor Mfg. Co., U.S.A., 0.47 percent.

A shortage of acceptable parts again halted Capri production at Ford's Dearborn plant during the week ended May 25. Since the problem had not been solved at presstime, it is unlikely that the 240 scheduled units were assembled last week.

General Motors scheduled two overtime shifts Saturday (June 1) at the following plants: Pontiac G; Fairfax, Kans.; Lakewood, Ga.; Lansing (No. 2); Detroit; Janesville, Wis.; Leeds, Mo., and Lordstown, O.

One overtime shift was planned Saturday at GM's Lansing No. 1 plant.

Ford scheduled Saturday overtime at its plants in Chicago and Lorain, O.

Daily overtime is slated at all Ford plants this week (June 3).

Chrysler has scheduled two 9-hour daily shifts this week at its plants in Belvidere, Ill., and St. Louis (Nos. 1 and 2).

Two 8½-hour daily shifts are planned at Chrysler's Jefferson (Detroit) plant this week.

Besse adds Car Division to duties as Renault chief

Continued from Page 1

the Truck Division has its own pattern for slashing its workforce, with 5,250 layoffs by the end of March, 1986. That would leave 22,300 jobs in the division.

Semerena's job change was made "at the request of Semerena and with his agreement," according to an internal note from Besse.

The "president-directeur general" in a French company is equivalent to both chairman and president in a U.S. company. At Renault, the head of the Car Division was considered number two in the management hierarchy and was given major responsibilities. Hanon spent several years there before being appointed to the top job.

By this move, Besse seemed to confirm that he is not a man to share his power at the head of a company plagued with arduous problems.

The unions said they expect the worst is yet to come, according to the Financial Times.

Renault is talking with banks in an effort to restructure medium- and long-term loans amounting to 40 billion francs (about $4.3 billion), the Financial Times said. Renault also is talking to the French Government about increasing its annual financial endowment. It now receives 3 billion francs a year (about $320 million).

Renault is continuing to sell its assets and seems to be getting out of the high-tech field as part of a major restructuring.

As for Renault's operations in the U.S. and, more specifically, its link to American Motors, nothing has been announced in France since Besse sent AMC a commitment letter last month.

Unofficially, it is reported that Renault has no plans to pull out of its North American ventures, but it wants AMC to become self-supporting, cut its costs and restructure its operations by its own means.

Apart from cutting its own expenses dramatically, Renault will seek joint ventures with other manufacturers to achieve economies of scale on major components, the company reported last week.

Renault does not believe the European car market will provide any opportunity to increase its production within three years. It is confident, however, that its renovated car range will help preserve or improve its market share by 1986.

By that time, Renault will have replaced the 18 model with a new compact sedan and will have completed the new 5 range with a diesel version.

Early last week, the company launched in France a lenghtened, five-door version of its supermini.

Renault's market share in Europe for the first quarter was 11.0 percent, compared with 10.7 percent last year. Since the total market was down 1.7 percent, this meant only a small volume increase of some 1.25 percent—and margins in Europe have reportedly become very low for most volume manufacturers.

CANADIAN CAR PRODUCTION

	Week Ended June 1, 1985	Week Ended June 2, 1984	Week Ended May 25, 1985	May Est.	Jan. 1 to June 2, 1984	Jan. 1 to June 1, 1985
AMERICAN MOTORS	410	606	0	1,041	10,425	4,686
FORD MOTOR	11,328	10,784	8,853	48,914	191,826	217,676
GENERAL MOTORS	14,218	13,476	11,328	56,553	286,174	219,648
VOLVO	225	225	180	989	4,775	4,718
Total Cars, Canada	26,181	25,091	20,361	107,497	493,200	446,728

U.S. TRUCK PRODUCTION☆

	Week Ended June 1, 1985	Week Ended June 2, 1984	Week Ended May 25, 1985	May Est.	Jan. 1 to June 2, 1984	Jan. 1 to June 1, 1985
CHEVROLET	20,455	16,138	23,747	113,505	426,791	505,935
DODGE	3,800	3,335	4,698	20,607	89,500	91,063
FORD	22,697	21,101	25,519	117,116	523,823	527,150
GMC	6,909	5,374	8,139	37,532	138,696	155,733
INTERNATIONAL	1,660	1,344	1,668	7,792	32,637	35,428
JEEP	3,200	3,145	4,460	18,773	81,773	86,107
NISSAN	1,352	1,605	1,705	6,340	40,826	43,073
AM GENERAL	40	40	50	220	1,130	1,060
MISCELLANEOUS	1,392	800	1,739	7,652	22,400	39,064
Total Trucks, U.S.	61,505	52,882	71,725	329,536	1,357,576	1,484,613

CANADIAN TRUCK PRODUCTION

	Week Ended June 1, 1985	Week Ended June 2, 1984	Week Ended May 25, 1985	May Est.	Jan. 1 to June 2, 1984	Jan. 1 to June 1, 1985
CHRYSLER	9,000	7,064	8,871	39,561	157,736	182,558
FORD	3,648	3,407	2,903	16,020	70,889	75,916
GENERAL MOTORS	6,248	6,282	5,072	26,046	133,529	126,095
INTERNATIONAL	265	138	216	1,168	3,171	5,254
Total Trucks, Canada	19,161	16,891	17,062	82,796	365,325	389,823
N. American Trucks	80,666	69,773	88,787	412,333	1,722,901	1,874,436

☆—Now incudes window van production. *—Estimated
Jeep includes commercial only. AM General includes government-destined vehicles.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Monthly estimates may contain error of one or two units due to rounding.

Holiday trims truck production by 10,000 units

Domestic truck makers scheduled production of 61,505 units during Memorial Day week, 14.25 percent fewer than the previous week's 71,725, but 16.31 percent better than the year-ago week's 52,882 (also shortened by the holiday).

Ford Motor Co.'s St. Louis plant, which is building the Aerostar minivan, started production last week. The first units are due off the line at the end of this week.

General Motors scheduled two overtime shifts Saturday (June 1) at the following plants: Janesville, Wis.; Lordstown, O.; St. Louis, and Pontiac (No. 5).

One overtime shift was scheduled Saturday at GM's Flint (No. 2) plant.

Ford planned Saturday overtime at its Kansas City, Norfolk, Twin Cities and Louisville plants.

All of Ford's plants but St. Louis are scheduled to work daily overtime this week.

Chrysler Corp.'s Warren (Mich.) plant is scheduled to operate two nine-hour daily shifts this week (June 3).

Canada builds 26,181 cars; best in 2 years

Rebounding from a holiday period, Canadian car manufacturers planned to build 26,181 cars last week, 28.58 percent more than the 20,361 assembled during the previous work week (shortened by Victoria Day), and the highest weekly output since the week ended May 14, 1983, when 27,994 cars were built.

Last week's scheduled output was 4.34 percent more than the year-ago week's 25,091.

Truck makers planned production of 19,161 units last week, 12.30 percent more than the previous week's 17,062 and 13.44 percent more than the year-ago week's 16,891.

Year-to-date, 389,823 trucks have been built, 6.71 percent more than the 365,325 assembled last year at this time.

U.S. CAR PRODUCTION

	Week Ended June 1, 1985	Week Ended June 2, 1984	Week Ended May 25, 1985	May Est.	Jan. 1 to June 2, 1984	Jan. 1 to June 1, 1985
AMERICAN MOTORS	2,900	3,879	3,766	12,687	87,389	46,941
Renault Total	2,900	3,879	3,766	12,687	87,389	46,941
Alliance	2,000	1,969	2,336	8,435	46,835	28,864
Encore	900	1,910	1,430	4,252	40,554	18,077
CHRYSLER CORP.	22,400	25,002	29,065	132,811	576,549	597,937
Plymouth Total	6,500	7,017	8,408	38,693	169,443	174,783
Horizon	2,600	2,705	3,358	15,426	69,090	63,396
Reliant	2,700	3,701	3,460	16,547	87,695	78,597
Caravelle	800	205	1,160	4,823	4,128	24,348
Gran Fury	400	406	430	1,896	8,530	8,442
Chrysler Total	7,500	8,841	9,638	43,462	192,900	196,948
LeBaron	1,600	2,654	1,922	8,808	57,984	47,589
LeBaron GTS	2,100	0	2,557	11,381	0	42,311
Laser	800	1,576	1,319	5,033	35,115	23,918
New Yorker/E-Class	1,100	2,470	1,552	6,713	49,130	32,134
Fifth Avenue	1,900	2,141	2,288	10,528	50,671	50,996
Dodge Total	8,400	9,144	11,019	50,656	214,206	226,206
Omni	2,200	3,240	2,862	13,483	66,010	63,979
Aries	2,500	2,326	3,048	14,451	68,965	63,339
Daytona	800	987	1,280	5,700	26,561	21,421
Dodge 600	1,000	1,557	1,409	6,344	37,136	31,543
Lancer	1,400	0	1,772	7,686	0	31,060
Diplomat	500	1,034	648	2,992	15,534	14,864
FORD MOTOR	29,563	30,845	32,860	157,441	776,677	764,729
Ford Division	19,642	20,448	22,802	107,729	508,245	509,841
Escort	6,269	6,850	7,828	34,034	157,759	139,438
Mustang	3,404	2,681	4,245	18,916	58,404	79,696
LTD	3,341	3,104	3,423	20,368	99,045	106,057
Thunderbird	3,269	2,908	3,380	16,626	71,274	90,819
Crown Victoria	0	1,031	0	0	34,427	7,122
EXP	0	523	0	0	13,959	3,838
Tempo	3,359	3,351	3,926	17,766	73,377	82,871
L-M Division	9,921	10,397	10,058	49,712	268,432	254,888
Mercury Total	7,064	7,522	7,167	36,581	193,778	183,428
Lynx	1,191	1,085	1,362	6,726	30,464	31,933
Capri	240	303	22	551	8,482	7,259
Marquis	1,795	2,120	1,871	10,782	49,226	52,649
Cougar	2,627	1,557	2,701	13,198	44,611	60,964
Grand Marquis	0	1,848	0	0	41,826	4,733
Topaz	1,211	609	1,211	5,324	19,169	25,890
Lincoln Total	2,857	2,875	2,891	13,131	74,654	71,460
Continental	397	760	404	2,025	15,938	12,595
Lincoln	2,143	1,794	2,168	9,652	43,494	50,966
Mark VI/VII	317	321	319	1,454	15,222	7,897
GENERAL MOTORS	84,868	70,508	97,947	451,620	2,075,007	2,191,466
Buick Total	18,483	17,653	20,593	97,546	445,755	440,588
Skylark	0	1,801	0	1,001	42,833	40,953
Skyhawk	2,411	2,472	2,589	11,941	70,898	48,500
Somerset Regal	2,212	0	2,626	11,760	0	55,529
Century	5,388	4,001	6,731	30,001	98,608	111,464
Regal	3,000	3,990	2,475	13,940	98,161	52,236
LeSabre/Electra(rwd)	2,663	3,371	2,703	13,456	96,584	61,591
Riviera	1,156	702	1,451	6,385	23,447	28,812
Electra(fwd)	1,653	1,316	2,018	9,060	15,124	41,503
Cadillac Total	5,813	5,166	6,858	31,070	147,010	162,207
Cimarron	535	183	538	2,640	8,180	12,644
Seville	517	669	656	2,887	18,542	17,515
Eldorado	1,019	1,323	1,278	5,650	34,513	32,884
Cadillac (rwd)	1,122	1,680	1,139	5,543	70,153	24,793
DeVille (fwd)	2,620	1,311	3,247	14,350	15,622	74,271
Chevrolet Total	27,351	21,772	31,790	147,086	712,137	754,970
Chevette	3,022	1,022	3,201	15,149	94,912	70,288
Cavalier	9,369	5,879	9,809	46,866	180,490	216,076
Celebrity	4,044	4,607	5,067	23,369	132,380	125,090
Camaro	3,976	4,463	4,960	22,049	115,724	102,275
Citation	0	1,860	0	729	48,441	28,697
Malibu/El Camino	0	643	0	0	15,763	0
Monte Carlo	2,060	709	2,584	12,166	57,638	67,933
Chevrolet	4,080	2,096	5,008	22,575	52,309	125,562
Corvette	800	493	1,141	4,183	14,480	19,049
Oldsmobile Total	20,478	18,720	23,543	109,795	522,012	546,659
Omega	0	687	0	0	23,165	0
Firenza	1,060	1,399	786	5,026	35,018	31,170
Cutlass Supreme	4,781	3,309	5,292	24,647	139,871	98,202
Cutlass Ciera	5,359	5,558	6,721	30,730	123,346	163,237
88/96 (rwd)	3,729	5,474	3,908	19,253	163,983	102,741
Olds 98 (fwd)	2,261	1,519	2,876	12,560	16,249	62,577
Calais	2,780	0	3,322	14,782	0	70,318
Toronado	508	774	638	2,798	20,380	18,414
Pontiac Total	12,743	7,197	15,163	66,123	248,093	287,042
Acadian**	0	79	255	985	8,375	6,141
2000 Sunbird	2,705	2,260	2,747	13,211	66,195	60,152
1000	646	299	531	2,449	19,049	13,121
Firebird	2,120	1,777	2,583	11,230	48,850	53,699
Phoenix	0	670	0	0	9,868	0
6000	1,224	0	1,531	6,583	0	18,673
Grand Prix/Bon'vle	0	0	0	0	29,733	0
Parisienne	1,446	247	1,715	7,223	12,743	30,416
Fiero	1,914	1,865	2,422	10,313	53,290	49,107
Grand Am	2,688	0	3,379	14,128	0	55,733
HONDA	2,453	2,362	3,117	13,866	54,775	69,596
NISSAN	683	0	824	3,176	0	5,461
NUMMI (Nova)*	840	0	1,000	3,913	0	6,700
VOLKSWAGEN	1,880	1,680	2,323	9,880	51,068	43,534
Total Cars, U.S.	145,587	134,276	170,902	785,393	3,621,465	3,726,384
Total Cars, Canada	26,181	25,091	20,361	107,497	493,200	446,728
N. American Cars	171,768	159,367	191,263	892,890	4,114,665	4,173,112
N. American Trucks	80,666	69,773	88,787	412,333	1,722,901	1,874,436
North American Cars and Trucks	252,434	229,140	280,050	1,305,223	5,837,566	6,047,548

*—Revised estimate.
**—All Acadians are built for sale in Canada.
Monthly estimates may contain error of one or two units due to rounding.

First exclusive showroom for Porsche opens in U.S.

JACKSONVILLE, Fla.—Brumos Porsche, the first exclusive Porsche showroom in the U.S., has opened here.

Owner is Deborah M. Gregg; president is Robert F. Snodgrass.

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Automotive News

June 10, 1985

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GM to begin 1986 intros on Sept. 26

By Edward Lapham
Marketing Editor

General Motors will officially kick off the 1986 new model season this fall with public introduction of its carryover models Sept. 26.

GM's restyled F-body Pontiac Firebird and Chevrolet Camaro also will be introduced Sept. 26, but GM's newest cars won't go on sale until Nov. 14.

Chrysler Corp., with no all-new products, will launch its entire lineup on Oct. 1.

American Motors, with a new two-wheel-drive Jeep XJ (downsized Wagoneer) and XJ-size Comanche pickup, also will introduce its 1986 models on Oct 1.

Ford Motor Co. has established Oct. 3 as its official public intro date for all its 1986 Ford and Lincoln-Mercury models.

Ford Division said its Oct 3. date is firm, even for the all-new Taurus, although L-M said the Sable date is "tentative."

GM's divisions will stagger the intro dates for all-new products again this year.

The new E-cars—Cadillac Eldorado, Buick Riviera and Oldsmobile Toronado—will be introduced Nov. 14, as will the K-body Cadillac Seville.

Also scheduled for public introduction Nov. 14 are the new H-cars, which replace the old B-bodies.

The H-bodies are Buick LeSabre and Oldsmobile Delta 88.

The new D-body Cadillac Fleetwood Brougham is tentatively scheduled for introduction in January, although the division has not yet fixed an exact date.

Chevy's late light hope

Jim Dunne

L-body for 1987

Chevrolet's 1987 L-body, high-volume newcomer to the lineup, will be offered in two-door Baretta (above) and four-door versions. Chevy plans to build some 400,000 of the L-body cars annually. With a unique body style, not shared with other General Motors divisions, the car is a key to Chevrolet's late-1980s marketing program.

Compromise plan on fleet subsidies runs into buzzsaw

By John A. Russell
New York Staff Writer

NEW YORK.—A compromise proposal for a federal law on fleet subsidies has drawn fire from dealer groups, including the Ford Dealers Alliance.

The compromise was worked out by NADA and the office of Rep. John Dingell, Michigan Democrat. It will be presented to the NADA board of directors this week for its approval.

The compromise would not outlaw the two-tier pricing structure and would contain a provision that would prohibit individual states from enacting legislation on that critical issue.

Ed Mullane, president of the Ford Dealers Alliance, termed the proposed compromise a "sellout." He has sent a letter voicing his opinions to all NADA directors, asking them to reject the proposal.

"It's a betrayal of the faith we dealers have in NADA," Mullane said. He added that "it strips the dealer naked of his rights and, by the preemption clause, makes sure he stays naked for his lifetime."

Charles Walton, executive vice president of the New Jersey Automobile Dealers Assn., termed it "grossly unfair." The leadership of the NJADA voted 54 to 1 last week to advise its NADA director that the association found the proposal "unacceptable."

The New Jersey dealer group asked its NADA director to vote against the proposal when it comes before the NADA board at its meeting in Colorado Springs.

The issue came to the forefront after Frank McCarthy, NADA executive vice president, and James Jennings, 1984 NADA president, disclosed the compromise in a meeting with the New Jersey leadership. Mullane also attended the meeting and made a presentation against the compromise.

The compromise bans bootlegging, sets retention periods for lease and rental cars and offers equal subsidies to dealers on an individual basis, but it does not address two-tier pricing, which permits huge fleets to buy cars for considerably less than the price at which the dealer buys. The compromise does include the preemp-

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Feasibility study completed, but talks will be lengthy

Ford, Fiat get down to details

By Richard Feast
European Editor

TURIN, Italy.—The Fiat-Ford feasibility study on collaboration has been completed, and the companies have begun detail negotiations, according to Cesare Romiti, managing director of Fiat S.p.A.

But Romiti warned that the negotiations will be lengthy. "A deal is not imminent, and it is hard to say at this stage whether negotiations will be completed before the end of the year or whether they will continue into next year," he said.

Neither Fiat Auto nor Ford of Europe has identified the exact nature of any collaboration, but the outcome is now widely expected to be of far-reaching significance. Romiti ruled out any joint deals with Japanese companies.

"The Japanese have cost advantages, but I think the way we go about making cars is more advanced," he said.

Romiti said Fiat and Ford got together because their product ranges are complementary and because each has a strong presence on the European market.

The secrecy surrounding the negotiations has led to intense speculation over their exact content. But Italian sources suggest the protracted nature of the negotiations is being caused largely by Ford.

Leading Ford of Europe executives, including Chairman Robert A. Lutz, have been dropping heavy hints all year about general overcapacity and the need to cut labor costs. At the Geneva Auto Show last March, Lutz said decisions would have to be made by this month.

Ford's main auto assembly plants in Europe are in West Germany, the U.K., Spain and Belguim—although it is estimated

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Purchase is latest move in Smith's diversification program

Hughes gives GM another hedge against auto cycles

By Majorie Sorge
and Michelle Krebs
Automotive News Staff

NEW YORK.—General Motors' $5-billion-plus acquisition of Hughes Aircraft Co. gives the auto company another hedge against the cyclical automotive business.

More than any links between the automotive and aerospace

Related stories on Page 2.

fields, the Hughes purchase offers GM more of the diversification Chairman Roger B. Smith has been searching for since taking over the GM helm in 1980.

Before Smith, GM hadn't made an acquisition since it bought a road machinery company in 1953. Instead, it had sold off non-automotive operations.

During Smith's reign, GM has purchased Electronic Data Systems, Inc., in a $2.5-billion deal. GM also has initiated a joint venture with a Japanese robotic and computer firm and has taken minority positions in six high-tech companies specializing in machine vision or artifical intelligence.

Now, GM has purchased the once privately held, highly-sought-after Hughes Aircraft from the Howard Hughes Medical Institute for $2.7 billion in cash and 50 million shares of a new class of stock. GM also will issue an additional 20 million shares of Class H stock in the next three years.

Auto analyst Maryann Keller, of Vilas-Fischer Associates, said the Hughes buy was a move to diversify plain and simple, despite Smith's claims that Hughes' technology will help GM in building automobiles.

"An acquisition is worthwhile only if it stands on its own," Keller said. "There might be something to come of it (in automotive technology), but I don't think it will happen in the short run—not in the next five years—and it was not their reason to buy it."

She called the deal "brilliant," since GM is paying only part—$2.7 billion—in cash.

Analyst David Healy, of Drexel, Burnham, Lambert, Inc., disagreed, calling it "a modest diversifcation carrying a large price tag." He said GM could develop automotive electronics without such a large acquisition.

At the announcement of the Hughes purchase, Smith defended the price GM paid, telling reporters that the last time he looked "in the little green box," there was still plenty of money left. GM closed 1984 with more than $8 billion in cash reserves and marketable securities.

GM's acquisition of Hughes is apt to first impact GM's data processing subsidiary, EDS, rather than the car-driving public or the factory floor.

GM and EDS have said they must launch satellites for their worldwide communications needs. Hughes has built 60 percent of the commercial communications satellites now in operation and provides wide band services to the entertainment, cable television and telecommunications industries.

Hughes Communications, Inc., a subsidiary of Hughes Aircraft, provides satellite capacity to the U.S. Navy. EDS has an eight-year Navy contract to integrate its data processing.

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breaking news

Fiat car group triples profits

TURIN, Italy.—The Fiat Group's results improved sharply last year. Most sectors improved, led by a threefold increase in net profit for the Fiat Auto Division, to the equivalent of $119 million. The group's sales rose 8.17 percent to $12.06 billion, and after-tax income rose 147 percent to $317 million.

Mitsubishi to sell 30,000 Hyundais in U.S.

LOS ANGELES.—Mitsubishi Motor Sales of America will market 30,000 Hyundai Excel cars during the 1987 calendar year, Automotive News has learned. Hyundai officials confirmed the agreement last week and MMSA President Tohei Takeuchi reportedly sent letters to dealers outlining MMSA's intent. Mitsubishi Motors Corp. and Mitsubishi Corp., of Japan, own 15 percent of the Korean auto maker.

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Metzenbaum, others introduce resolution

Senators oppose CAFE rollback

By Jake Kelderman
Washington Reporter

WASHINGTON.-General Motors, Ford Motor Co. and some other auto makers may think that rolling back fuel-economy standards is a good idea, but Senator Howard Metzenbaum, Ohio Democrat, doesn't.

He and three of his Senate colleagues introduced a resolution last week urging retention of the current 27.5-MPG CAFE requirement.

Said Metzenbaum, "This resolution is an attempt to send a signal to both the Administration and the auto companies that this body has not walked away from its responsibility and doesn't think they should either."

NHTSA is expected to act soon on a petition from GM, Ford and others to roll back the requirement to 26 MPG on the grounds that the higher standard is not needed; that consumers want larger cars, and that because of increased competition in the small-car market, U.S. makers simply cannot sell enough of their smaller, more-fuel-efficient models to offset consumer demand for larger, less-fuel-efficient cars.

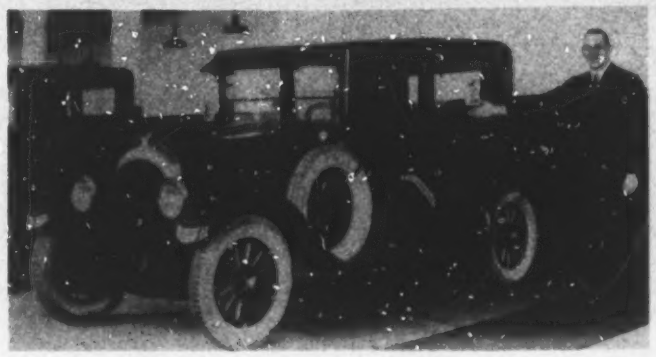
The CAFE law permits a rollback of the standard from 27.5 MPG to 26 MPG by administrative fiat and, according to sources, Transportation Secretary Elizabeth Dole has given assurances to the makers that it will be done.

Metzenbaum thinks that would be an "irresponsible" act, warning in his resolution that "The next energy crisis could develop overnight."

Congress, the Administration and the auto industry have a responsibility to do all that can be done to ensure America's security when the next crisis inevitably strikes, he added.

Metzenbaum, who was joined in his resolution by Senators Daniel Evans, Washington Republican; John Danforth, Missouri Republican; Thomas Eagleton, Missouri Democrat, and 15 others, called his resolution a "gentle nudge." But he also warned,"We may find it necessary to take legislative action in the future if the Administration and the auto companies don't turn around."

Resolutions are not binding on the Administration, but they do indicate the feelings of the senators who sign them. This resolution shows that not everyone in the Senate is in favor of rolling back the CAFE requirements.



60th for Chrysler

Chrysler Corp. celebrated its 60th anniversary June 6 with a show that included fireworks and the Goodyear blimp at its proving grounds. Chrysler Vice Chairman Gerald Greenwald cited the similarities between founder Walter P. Chrysler (above) and current Chairman Lee A. Iacocca (below), both chairmen who turned ailing companies around. Greenwald also said he expected Chrysler could duplicate or better its 1984 pre-tax record profits in 1985.

Flat Rock auto will be a 626 type

One car platform for Mazda plant

By Richard Johnson
Detroit Reporter

Mazda Motor Corp. has no immediate plans to build more than one car platform at its assembly plant in Flat Rock, Mich., even though company officials have said they want production flexibility at the site.

According to Osamu Nobuto, president of Mazda Mfg., (USA), initial plans call for a single platform at the new $450 million facility located south of Detroit.

Mazda executives have declined to identify which car will be built at the new plant adjacent to Ford Motor Co.'s abandoned Michigan Engine Casting plant. But during an informal interview after the recent Flat Rock groundbreaking, Masahiro Uchida, executive vice presidenty and secretary treasurer, Mazda Mfg., (USA), said the Flat Rock car will be a "626-class vehicle."

Company officials have said they desire the same flexibility at Flat Rock that they have at the highly automated Hofu plant in Japan, which opened in October, 1982. At Hofu, Mazda is capable of producing nine different bodies on three entirely different platforms.

But during a brief interview after the groundbreaking ceremonies, Nobuto declined to confirm plans for multiple-platform production at Flat Rock.

"Basically, we'll be producing one platform," he said through a translator. Asked if that will hold through the remainder of the decade, Nobuto said "at least until we are pretty much settled down."

Production at Flat Rock is due to begin in the fall of 1987. The manufacturing facility will ultimately employ 3,500 persons and produce 240,000 vehicles annually.

Besides the compact 626 series, Mazda is selling the RX-7 sports car and the GLC subcompact in the U.S. The company is also believed to be interested in importing the next generation of its upscale 926/Luce series and there has been industry talk of a Mazda minivan arriving by 1987.

Mazda is negotiating to sell Ford part of the plant's production capacity. During a recent interview with Automotive News, Louis Ross, Ford executive vice president for North American Automotive Operations, said Ford will probably buy between 40 and

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Mazda Michigan sets early '87 'trial run'

By Francis J. Gawronski
Tokyo Bureau Chief

OSAKA, Japan.—Mazda Motor Corp.'s new plant in Flat Rock, Mich., will initiate trial runs in the spring of 1987 and start assembling cars in the fall of that year at a monthly rate of 3,000.

According to Moriyuki Watanabe, Mazda chairman, the company will gradually increase production so that a year after start-up, the plant will be producing 20,000 cars a month.

He also said that during the first year of production, the firm will sell the cars with Mazda brand names and that from the second year it would start supplying more than half the cars produced at the plant to Ford Motor Co., which has a 25 percent slice of Mazda.

The Mazda chairman said the company plans to increase its dealer network in the Eastern section of the U.S. and particularly wants to expand the number of dealers selling Mazda exclusively. Most of the 750 Mazda dealers in the U.S. are in Midwest states, he said.

He also announced that Mazda plans to hire several American managers to expedite employment of auto workers at the Flat Rock plant, expected to reach more than 3,000 at full operation.

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Jobs before concessions, Majerus says

Security first, UAW tells AMC

By Marjorie Sorge
Labor Editor

MILWAUKEE.—The UAW must get job security promises from American Motors before it will agree to a concessions contract for workers at the company's two Wisconsin auto plants, according to UAW Secretary-Treasurer Raymond E. Majerus.

The company and the union began negotiations last week in an attempt to avert closing of those operations.

AMC has told the union it needs concessions. The company issued plant-closing notices May 24 for its assembly plant in Kenosha and its stamping operation in Milwauke and has said it will close those operations within the next 13 months if the two UAW locals representing the plants do not agree to concessions contracts that will make AMC more competitive.

Concessions sought by AMC include lower wages, fewer union representatives, fewer paid days off and a new contract that tracks the General Motors/UAW pact negotiated last year.

The Kenosha plant is scheduled to close in July, 1986, and the Milwaukee operation will close this September if a more-competitive contract is not reached, AMC has said.

Hourly labor costs in Kenosha are $4 an hour higher than in similar operations at General Motors and Ford Motor Co.

One problem is that the Kenosha plant is an old, six-story mattress factory, and many workers feel it is just a matter of time before AMC closes it regardless of the concessions made in this round of bargaining. One union negotiator indicated that even if the labor cost at Kenosha is reduced substantially, it is unlikely that the plant could be made much more efficient even with more high-tech equipment.

AMC and the UAW have agreed to set aside disagreements over an unfair labor practices complaint filed with the National Labor Relations Board by Kenosha Local 72. The complaint alleges that AMC acted unlawfully in setting pre-conditions before it would agree to bargain.

In a letter to Majerus, Richard Calmes, AMC industrial relations vice president, said Local 72 "misrepresented the company's position to the NLRB."

He also said that AMC never had any pre-conditions for meeting or negotiating.

In a May 3 letter from Calmes to Majerus, AMC said the union must agree to 17 points in any new contract.

Peugeot drops plans to build coupe in U.S.

By Dan McCosh
Detroit Reporter

Peugeot has quietly dropped a plan to assemble a coupe version of the 505 in the U.S., a program that would have been a milestone in the revival of independent coachbuilding in this country.

Peugeot had been negotiating with Brighton (Mich.)-based Cars and Concepts to assemble a luxury coupe for Peugeot, Automotive News has learned. The project, which reportedly would have meant assembling about 4,000 units a year of the $20,000-$30,000 sports coupe from components supplied by Peugeot in France, would have been one of the most elaborate assembly operations undertaken in recent times by an independent coachmaker.

In the 1920s, many auto manufacturers built chassis for bodies designed and built by independents. The manufacturers bought up many of the coachmakers, and many went out of business during the depression.

Today, custom bodies are made by several companies, primarily for limousines and ambulances. Hess & Eisenhardt Co. started up a regular assembly line for Cadillac limousines this spring in Troy, Mich. But the Cars and Concepts Peugeot would have been the first generally distributed passenger car assembled by an independent in recent years.

A Peugeot spokesman confirmed the "design study" for the coupe was recently canceled. Sources close to the program say the rapidly increasing number of similar cars heading for the market in the next few years prompted the cancellation for marketing reasons.

Cars and Concepts still plans to assemble a car in Brighton, according to Chairman Richard R. Chrysler. He told Automotive News he may have a similar program underway as early as this fall, but declined to identify the manufacturer.